

# **City of Farmington Hills, Michigan**

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## **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2003**

# City of Farmington Hills, Michigan

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# City of Farmington Hills, Michigan

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# City of Farmington Hills, Michigan

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DEPARTMENT OF FINANCE

October 14, 2003

Honorable Mayor, Members of City Council,  
and Citizens of Farmington Hills

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Farmington Hills for the fiscal year ended June 30, 2003. This report was prepared by the Finance Department in conformance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, generally accepted accounting principles (GAAP), the Treasurer of the State of Michigan, and the Government Finance Officers Association (GFOA). This report consists of management representations concerning the finances of the City of Farmington Hills. Therefore, responsibility for the accuracy, completeness, reliability, and fairness of the financial data herein, including all disclosures, rests with the administration and management of the City of Farmington Hills. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The statements have been audited in accordance with generally accepted auditing standards by Plante & Moran, PLLC, a certified public accounting firm licensed by the State of Michigan.

Since the report consists of management's representations concerning the finances of the City of Farmington Hills, a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of the City of Farmington Hills' financial statements in conformity with GAAP has been established. However, due to the fact that the internal control systems should be cost effective, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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Plante & Moran, PLLC has audited the City of Farmington Hills' financial statements to provide reasonable assurance that the City's financial statement for the fiscal year ended June 30, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Farmington Hills' financial statements for the fiscal year ended June 30, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This report is available in the City of Farmington Hills' separately issued single audit report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Farmington Hills' MD&A can be found immediately following the report of the independent auditor.

## **Profile of the Government**

The City of Farmington Hills was incorporated in 1973 and is a 34-square mile suburban community with a pastoral and gently rolling terrain in Oakland County, Michigan. The City possesses an ideal location that is within 25 minutes of downtown Detroit and Detroit Metro Airport and is also the focal point of a freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, Toledo, Ohio, as well as the Ann Arbor technology corridor are within an hour's drive. Approximately half of America's disposable income, half of the country's work force, and nearly half of the total U.S. population are within a 500-mile radius of the City.

The City is enhanced by exemplary educational opportunities for kindergarten through 12<sup>th</sup> grade via both public and private schools and a premier district library system. Twelve major colleges and universities are within a 45-minute drive of the community. A broad spectrum of recreational and cultural activities is also available within the City or within a short drive. Quality health care is provided by Botsford Hospital, which is a teaching osteopathic hospital associated with Michigan State University. Many additional medical centers and hospitals are within a half-hour driving distance of the City.

The community offers a wide range of quality housing featuring homes in every style and price range. There are many premier residential areas providing housing options including more than 23,000 single-family homes and over 11,000 rental units designed to fit every lifestyle. Home prices range from under \$100,000 to \$2.5 million, with the average home priced at just over \$250,000.

The City operates under the city council/city manager form of government with seven elected officials, a mayor, and six City Council members representing the citizens of the City of Farmington Hills. The mayor is elected directly by the electorate for not more than two consecutive, two-year terms. The six City Council members are elected at large for staggered terms of four years each. The mayor and City Council establish all policies for the City government. The city manager is appointed by the City Council.

The City of Farmington Hills provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; and refuse collection and recycling services. Utility services for water and sanitary sewers are provided by the City with the Oakland County Department of Public Services administering the service for water and sanitary sewers under contract with the City. Library functions are provided by the Farmington Community Library which serves both the City of Farmington Hills and the neighboring City of Farmington.

Economic development efforts are promoted by the City of Farmington Hills Economic Development Corporation, a component unit of the City whose financial statements are displayed in the basic financial statements.

The other component unit of the City is the Brownfield Redevelopment Authority established by City Council to assist in the redevelopment of environmentally challenged sites within the City. The Brownfield Redevelopment Authority's financial statements are also displayed in the basic financial statements.

The City's annual budget provides the foundation for the financial planning and control. All departments and boards and commissions funded by the City of Farmington Hills are required to submit requests for appropriations to the city manager by the third week of February of each year. The city manager utilizes these requests as the basis for developing the proposed budget submitted to City Council at the first regular Council meeting in May. In conformity with *Article VII General Finance* of the City Charter and the State of Michigan Uniform Budgets Act, a public hearing on the proposed annual budget and tax rates is held at the first regular Council meeting in June, after public notice of the meeting and hearing is published at least seven days prior to the public hearing. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police department). Department heads may make transfers of appropriated funds within a department with the approval of the city manager and finance director. Transfers of appropriations between departments require approval by the City Council. Budget-to-actual comparisons are provided in this report for each governmental fund in which an appropriated annual budget has been adopted. For the General Fund and the major Special Revenue Funds (Major Road Fund, Local Road Fund, and the Capital Improvement Fund), the comparison is reported as part of the required supplemental information following the notes to the financial statements. For the major Debt Service Fund and all nonmajor governmental funds with an appropriated annual budget, this comparison is presented in the other supplemental information subsection of this report.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the unique environment within which the City of Farmington Hills operates.

**Local Economy** - The City of Farmington Hills possesses a stable and diversified property tax base with residential comprising 65 percent of the tax base, commercial 20 percent, industrial 7 percent, and personal property (business equipment, furniture, and machinery) 8 percent. No one taxpayer exceeds 1.8 percent of the tax roll and the top 26 payers combined account for less than 10 percent of the total tax roll. The corporate tax base consists of several national and international firms with regional offices housing research, software development, robotic, design, and engineering and product development facilities. The City's residents are employed predominantly in management, professional sales, and related occupations. The City's unemployment rate of 3.7 percent is lower than the county unemployment rate and approximately one-half of the state of Michigan unemployment rate of 7.4 percent at June 2003.

Farmington Hills is located in Oakland County, Michigan which hosts Automation Alley, a cluster of technology-driven companies. The Automation Alley Consortium is an energetic alliance of private businesses dedicated to strengthening the economic base of Oakland County and its immediate area of influence by developing and promoting Oakland County's first-class technology cluster. Employees and owners of Automation Alley's technology businesses enjoy high-paying jobs, challenging career opportunities, a lower-than-average cost of living, and a superb quality of life. Membership is made up of diverse high technology companies from a variety of industries, including:

- Computer software/hardware and information systems
- Telecommunications
- Robotics
- Alternative energy
- Consumer product development
- Industrial processes
- Automotive suppliers
- Automotive R&D
- Design and engineering
- Diversified (non-automotive) manufacturers
- Aeronautics
- Software development and more

Since 1990, private-sector employment in Oakland County has grown nearly 25 percent and has created more private-sector jobs (136,000) than any other area in the state, accounting for 30 percent of the employment gains in Michigan during that time.

In addition, Oakland County's per capita income of \$45,872 in 2000 is more than 50 percent above the average for both Michigan and the nation, and ranks within the top 1 percent of all counties in the United States.



Economic development staff of the City coordinate development activity with the City's Economic Development Corporation. The City participates in a business retention program and has formed a partnership with the Oakland County Planning and Economic Development Services Division and the Michigan Economic Development Corporation. Working together, they have been successful in assisting companies in expanding their business opportunities in the City.

The City Council annually reviews the updated "Six-year Capital Improvement Program" prepared by the City's Planning Commission, which directly impacts the City's infrastructure. The City Council adopts many of the projects in the first year of this program in the annual budget. The following acquisitions or improvements are planned for fiscal 2003-2004:

- Technology acquisitions include a financial software package
- Sidewalk construction on the north side of Eleven Mile Road from Orchard Lake to Farmington Road
- Relocation and reconstruction of fire station No. 3 from Wheeler Street to Grand River Avenue
- Replacement of a medic unit and various rolling stock for D.P.W.
- Reconstruction of nine holes on the existing golf course to be linked to the new nine constructed this year
- Management activities will continue regarding storm water improvements related to the Clean Water Act
- Miscellaneous storm drain improvements are scheduled as well as continued study of the Rouge watershed

**Cash Management** - The City complies with Public Act 20 of 1943 (as amended) of the State of Michigan in its cash management activities. Idle cash in all funds, exclusive of the Employees' Retirement System, is invested in certificates of deposit, governmental obligations, bankers' acceptances, bank pooled accounts, and commercial paper. Interest income for the governmental funds and Enterprise Funds for the current fiscal year is \$2,024,535, a decrease of \$616,623 from the fiscal year ended June 30, 2002. This loss was due primarily to rate reductions by the Federal Reserve.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. In the state of Michigan, municipalities are not required to insure all bank deposits; however, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories. The City utilizes an investment policy adopted by the City Council on November 16, 1999.

**Risk Management** - The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to eligible employees. The City is a member of the Michigan Municipal Workers' Compensation insurance pool and has purchased commercial insurance for medical benefit claims.

For claims relating to general and auto liabilities, auto physical damage, and property loss, the City participates in the Michigan Municipal Risk Management Authority (MMRMA) risk pool program that provides risk management, claim administration, legal defense, and reimbursement services for its members. As a member of MMRMA, Farmington Hills has liability coverage of up to \$15,000,000 per occurrence with a self-insured retention for liability of \$75,000 per occurrence with a stop-loss program maximum of \$525,000. Farmington Hills is actively involved in risk control through supervisor and employee training, facilities inspections, utilization of the MMRMA risk control staff, and City staff has participated in the production of several training videos.

The City of Farmington Hills is self-insured through the Michigan Municipal League (MML) Workers' Compensation Fund. The MML Workers' Compensation Fund utilizes Meadowbrook Insurance Company as a third-party administrator. The City has enjoyed remarkable success in managing its workers' compensation program, and has the distinction of receiving the MML award for achieving the lowest experience modification factor (risk factor) in the statewide pool for the past ten consecutive years. This distinction has brought with it significant monetary savings, estimated to be over \$2.8 million dollars over the nine-year period. The City has a safety and health program, which includes an active safety committee, ongoing safety training, safety inspections, wellness programs, and a health newsletter. In addition to the favorable impact the program has had on insurance rates, the most important impact has been to protect the health and safety of the City's most valuable resource, its staff.

**Pension and Other Postemployment Benefits** - The City sponsors a single-employer defined benefit pension plan for the employees of the City and the employees of the 47<sup>th</sup> District Court. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City of Farmington Hills must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as calculated by the actuary. In accordance with this policy, the City has, as of December 31, 2002, funded 96 percent of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 30 years as part of the annual required contribution calculated by our actuary. The City also provides post-retirement health care benefits to eligible retired employees. These postretirement health care benefits are projected annually based on required contribution calculated by our actuary. At December 31, 2002, these postretirement health care benefits were 42 percent funded with the remaining unfunded amount amortized over 30 years.

Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

## **Awards and Acknowledgements**

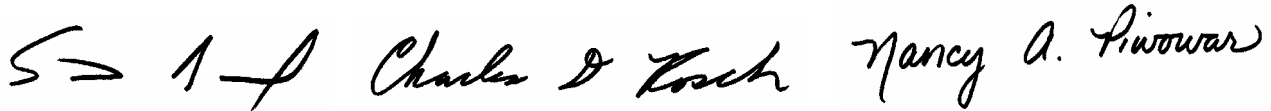
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington Hills for its CAFR for the fiscal year ended June 30, 2002. This was the fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2003. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the seventeenth consecutive year the City has received this award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and City Manager departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. The independent auditing firm of Plante & Moran, PLLC provided assistance for proper presentation in the form of counsel, suggestions, and direct input. Credit also must be given to the mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Farmington Hills finances.

Respectfully submitted,

Three handwritten signatures in black ink. The first signature is 'S Brock', the second is 'Charles D Rosch', and the third is 'Nancy A. Piwowar'.

Steve Brock  
City Manager

Charles D. Rosch  
Finance Director/Treasurer

Nancy A. Piwowar  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Farmington Hills,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## City of Farmington Hills, Michigan

### List of Principal Officials

June 30, 2003

Title	Name
City Manager	Steve Brock
Assistant City Manager	Dana Whinnery
Assistant to the City Manager	Teri Arbenowske
City Clerk	Kathryn Dornan
Central Services Director	Michael Lasley
Finance Director/Treasurer	Charles Rosch
Fire Chief	Richard Marinucci
Human Resources Director	Mary Moultrup
Planning and Community Development Director	Dale Countegan
Police Chief	William Dwyer
Public Services Director	Thomas Biasell
Special Services Director	David Boyer
City Attorney	Secrest, Wardle, Lynch, Hampton, Truex and Morley
Assistant Director Special Services	George Morrow
Assistant Police Chief	Martin Bledsoe
Assistant Police Chief	Charles Nebus
Assistant Police Chief	Richard Niemisto
Building Official	Thomas Williams
City Assessor	Dean Babb
City Engineer	William Otwell
City Planner	Edward Gardiner
Community Development Coordinator	Richard Lampi
Controller	Nancy Piwowar
Deputy City Clerk	Pamela Sibley
Deputy Fire Chief	Peter Baldwin
Deputy Treasurer	Lawrence Williams
Economic Development Coordinator	Charles Holmes
Fire Marshal	Stephen Hume
Public Works Superintendent	Dan Rooney
Zoning Division Supervisor	Lee Blizman

## City Profile



Farmington Hills, incorporated in 1973, is a 34 square mile suburban community with a pastoral and gently rolling terrain in Oakland County, located 17 miles from downtown Detroit. The City's tax base of \$3,694,788,600 is comprised of 65 percent residential property and 35 percent commercial, industrial, and personal property. The community's 82,111 residents live in approximately 33,700 households with a median household income of \$67,025 or \$26,810 per capita.

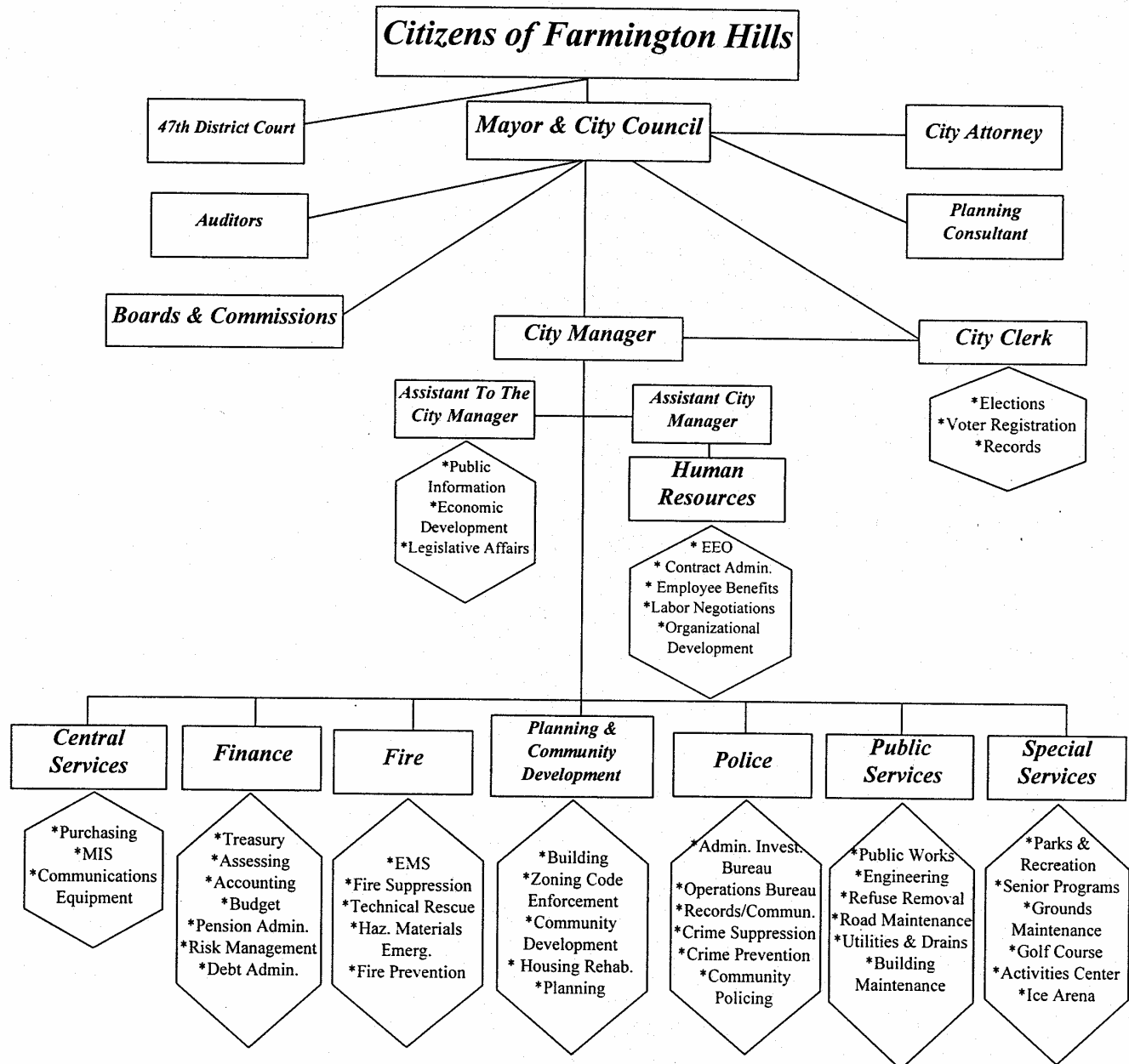
The City possesses an ideal location within 25 minutes of downtown Detroit and Detroit Metro Airport and at the focal point of a north/south and west/east freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio, as well as the Ann Arbor technology corridor, are within an hour's drive. Approximately half of America's disposable income, half of the country's work force, and nearly half of the total U.S. population are within a 500-mile radius of the City. This asset supports seven industrial parks totaling more than 600 acres, which provide first-rate services and facilities. In addition, the 12 Mile Road, Orchard Lake Road, and Northwestern Highway corridors host many commercial and office developments, which house many corporate headquarters and district offices of regional, national, and international prominence.

The community offers many premier residential areas providing a wide range of housing options including more than 23,000 single-family sites (including detached condominiums) and more than 11,000 apartment units designed to fit every life style.

The City's respect for its Quaker heritage is demonstrated by its commitment to historical preservation through its Historic Commission, Historical District, and the conversion of the historic Spicer Estate House to a Visitor Center within the 211-acre passive Heritage Park, located in the center of the City.

The City is enhanced by exemplary educational opportunities for kindergarten through 12th grade via both public and private schools and a premier district library system with one of the highest annual circulation rates in the state. A broad spectrum of recreational and cultural activities are available within the City or within a short drive. Twelve major colleges and universities are within a 45-minute drive of the community. Quality health care is readily accessible through Botsford Hospital, which is a teaching osteopathic hospital associated with Michigan State University. Twelve major medical centers and hospitals are within a half-hour driving distance of the City. Many physicians affiliated with these medical facilities maintain their offices in Farmington Hills.

# CITY OF FARMINGTON HILLS



## City of Farmington Hills, Michigan

### Fund Organization Chart

<b>Governmental Funds</b>	
<b>General</b>	<b>Special Revenue</b>
General Fund	Major Road Local Road Public Safety Capital Improvement Community Development Block Grant (CDBG) Revolving Special Assessment Nutrition Grant Local Law Block Grant Police Forfeiture Parks and Recreation Special Millage Golf Course Capital Improvement Deferred Special Assessment
<b>Debt Service</b>	
Building Authority Act 175 Debt 1990 Issue Act 175 Debt 1992 Issue General Debt Service Special Assessments	
<b>Capital Projects</b>	
Special Assessments (SAD)	
<b>Proprietary Funds - Enterprise</b>	
Water and Sewer	Ice Arena
<b>Fiduciary Funds</b>	
<b>Pension and Other Employee Benefit Trust</b>	<b>Agency</b>
Employees' Retirement System Postretirement Health Care Finance Fund	Tax Collections General Agency
<b>Component Units</b>	
Economic Development Corporation	Brownfield Redevelopment Authority





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## Independent Auditor's Report

To the Honorable Mayor  
and Members of the City Council  
City of Farmington Hills, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, Michigan as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Farmington Hills, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, Michigan as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms

To the Honorable Mayor  
and Members of the City Council  
City of Farmington Hills, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Farmington Hills, Michigan's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, budgetary comparison schedules, and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note I, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2003 on our consideration of the City of Farmington Hills, Michigan's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

October 14, 2003

# City of Farmington Hills, Michigan

## Management's Discussion and Analysis

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities are both new and provide information about the activities of the City of Farmington Hills, Michigan on a government-wide basis. They are designed to present a long-term view of the City's finances. Fund financial statements, also slightly changed from prior years, follow the above-mentioned statements and illustrate how the services provided by the City were financed in the short term, as well as what remains for future spending. Additionally, fund financial statements report the City's operations in more detail than the government-wide financial statements.

### The City of Farmington Hills as a Whole

The City's combined net assets increased 3 percent from a year ago, increasing from \$293.7 million to \$294.7 million. A review of the government activities, separate from the business-type activities, shows an increase of approximately \$1.9 million in net assets or 1.2 percent during fiscal year 2003. This was the result primarily of investments in infrastructure such as the new 47<sup>th</sup> District Court House, expansion of the existing golf course from 9 to 18 holes, which is still in progress at June 30, 2003, and street and highway expansion and improvements funded by gasoline tax and special assessments. Business-type activities net assets remained approximately the same. Unrestricted net assets for the governmental activities, which is the part of net assets that are available to finance day-to-day operations and growth, was \$17.1 million at June 30, 2003. This is down \$8.0 million or 31.9 percent due to investment in capital assets for infrastructure improvements. Since this is the initial implementation of GASB No. 34, no comparable figures are available for fiscal 2003 vs. 2002 for changes in net assets. In condensed format, the table below shows the comparison of net assets (in millions of dollars) as of June 30, 2003 to the prior year:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current assets	\$ 44.9	\$ 55.5	\$ 47.6	\$ 48.1	\$ 92.5	\$ 103.6
Noncurrent assets:						
Restricted assets	0.8	1.3	-	-	0.8	1.3
Capital assets	161.4	150.8	96.4	97.6	257.8	248.4
Total assets	207.1	207.6	144.0	145.7	351.1	353.3
Current liabilities	6.2	7.0	3.8	3.7	10.0	10.7
Long-term liabilities	38.4	40.0	8.0	8.9	46.4	48.9
Total liabilities	44.6	47.0	11.8	12.6	56.4	59.6
Net assets:						
Invested in capital assets -						
Net of related debt	128.9	116.2	88.4	88.8	217.3	205.0
Restricted	16.5	19.3	-	-	16.5	19.3
Unrestricted	17.1	25.1	43.8	44.3	60.9	69.4
Total net assets	<u>\$ 162.5</u>	<u>\$ 160.6</u>	<u>\$ 132.2</u>	<u>\$ 133.1</u>	<u>\$ 294.7</u>	<u>\$ 293.7</u>

# City of Farmington Hills, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets (in millions of dollars) for the year ended June 30, 2003:

TABLE 2

	Governmental Activities	Business-type Activities	Total
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 7.5	\$ 20.9	\$ 28.4
Operating grants and contributions	8.5	-	8.5
Capital grants and contributions	2.1	2.1	4.2
General revenue:			
Property taxes	38.1	-	38.1
State-shared revenues	7.8	-	7.8
Gain on sale of capital assets	0.2	-	0.2
Transfers	0.6	(0.6)	-
Interest	1.4	0.6	2.0
Cable fees and other	1.3	-	1.3
Total revenue	67.5	23.0	90.5
<b>Program Expenses</b>			
General government	13.8	-	13.8
Public safety	24.6	-	24.6
Public works	16.0	-	16.0
Community and economic development	2.4	-	2.4
Recreation and culture	7.2	-	7.2
Interest on long-term debt	1.6	-	1.6
Water and sewer	-	22.2	22.2
Ice arena	-	1.7	1.7
Total program expenses	65.6	23.9	89.5
<b>Change in Net Assets</b>	1.9	(0.9)	1.0
<b>Net Assets - Beginning of year</b>	160.6	133.1	293.7
<b>Net Assets - End of year</b>	<u>\$ 162.5</u>	<u>\$ 132.2</u>	<u>\$ 294.7</u>

# **City of Farmington Hills, Michigan**

## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

Since this is the initial implementation of GASB No. 34, no comparable numbers for fiscal year 2002 exist for the governmental activities for fiscal year ended June 30, 2003. The basis of accounting for fiscal 2003 on an entity-wide basis has changed completely from fiscal 2002 and, in fact, this schedule was not included in the fiscal 2002 financial report. However, key elements to note for fiscal year 2003 are as follows: (1) an increase of \$2.3 million, or 6.4 percent, in property taxes over fiscal year 2002 due to increased property valuation and new growth in the community, (2) State-shared revenue declined approximately \$600,000 due to fiscal problems at the State level leading to cuts in State-shared revenue, (3) investment income decreased \$1.2 million from fiscal year 2002 as a result of the Federal Reserve Board interest rate reductions, and (4) permit revenue declined \$361,000 as construction activity was adversely impacted by the economy.

Pension and postretirement health care contributions combined increased \$1.3 million or 37 percent due to a declining stock market and double digit increases in health care premiums. Health care contributions increased \$700,000 alone. However, the City continues to prefund postretirement health care benefits as well as retirement benefits so that future taxpayers will not have to bear the burden of currently earned benefits.

### **Business-type Activities**

The City's business-type activities are recorded in the Water and Sewer Fund and the Ice Arena Fund. The City provides water purchased from the City of Detroit Water System through a contract with Oakland County Department of Public Works which operates the City's utility system. The system incurred a \$2.8 million operating loss due to concentrated maintenance to distribution lines, repair of meter pits to insure worker safety, and preparation of user meters for automated reading. This loss was partially offset by capital contributions and debt service charges. The City manages its Ice Arena Fund like a business with revenue generated by the arena paying for operational costs as well as funding principal and interest payments on \$6 million in bonds sold to construct the arena. Overall, business-type activities net assets remained approximately the same.

### **The City's Funds**

An analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to State legislative requirements to maintain separate funds for Act 51 major and local road money, the City Council creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax mileages voted by the citizens and earmarked bond proceeds. The City's major funds for fiscal 2003 include the General Fund, the Major Roads Fund, the Local Roads Fund, the Capital Improvement Fund, the Special Assessment Debt Service Fund, and the SAD Capital Projects Fund. Infrastructure improvements in the major funds category include the expansion of the municipal golf course with a new club house and maintenance building, local road resurfacing, major road expansion and resurfacing, a new phone system, land acquisition, and the purchase of fire apparatus.

# **City of Farmington Hills, Michigan**

## **Management's Discussion and Analysis (Continued)**

### **General Fund Budgetary Highlights**

The city administration and City Council continuously monitor and amend the budget to reflect unanticipated events that occur during the year. The major changes during fiscal year 2003 were decreases in anticipated State-shared revenues and decreased interest income. These reductions were the result of the state of the economy and rate reductions by the federal reserve. Unfavorable expenditure variances for public safety and boards and commissions (47<sup>th</sup> District Court, specifically) were caused by unanticipated increases in pension and post-retirement health care contributions impacted adversely by poor stock market performance for the previous three years and double digit inflation in health care premiums. The City, however, completed fiscal year 2003 with a fund balance of approximately \$640,000 over what was forecasted in the amended budget.

### **Capital Asset and Debt Administration**

On June 30, 2003, the City had \$257.8 million in net capital assets ranging from land, buildings, equipment, technology equipment, and water and sewer lines. Fiscal year 2003 marks the initial reporting of infrastructure assets for governmental activities, which include roads, sidewalks, right-of-way, and storm drains. The value of infrastructure assets, net of depreciation, included in this report is \$94.2 million (see Note 4 of the notes to the basic financial statements for additional information).

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and is reported as a liability on the statement of net assets (see Note 6 of the notes to the basic financial statements for additional information). During the fiscal year, the City issued \$1,585,000 in special assessment bonds and \$2.9 million in refunding bonds to refinance existing storm drain bonds. A new District Court facility was completed and opened in fiscal year 2003 financed by \$11 million in Building Authority Bonds sold in fiscal 2002.

### **Economic Factors and Next Year's Budgets and Rates**

The City's tax rate has been stable for the last seven years at approximately 10.2 mills. Due to continued growth in the City's tax base and budgeting conservatism, the tax rate for fiscal year 2004 will remain the same as fiscal year 2003, 10.2221 mills. The City's tax base continues to grow. The growth in the tax base is 3.7 percent for fiscal year 2004 with \$68.5 million in new additions, or 1.9 percent, almost half of the increase. The tax base is well diversified with residential accounting for 65 percent, commercial 21 percent, and industrial 8 percent. Tax base diversification is further demonstrated by the fact that the top 20 taxpayers combined account for less than 10 percent of the tax roll. Taxes account for 58 percent of General Fund revenues. State-shared revenue, which amounts to 15 percent of the fiscal year 2004 General Fund budget, remains in critical condition and is forecasted to be at \$7.0 million, down from \$8.1 million received in fiscal year 2002. Despite this expectation, the fiscal year 2004 General Fund budget is balanced with only an approximately \$300,000 draw down of undesignated fund balance.

# **City of Farmington Hills, Michigan**

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## **Management's Discussion and Analysis (Continued)**

On the expense side, the City operates with a relatively small labor force and low personnel costs. The only abnormal cost increases are projected in health care costs both for current employees and future retirees. The City will continue to adjust expenditures in fiscal year 2004 to match revenue projections as they are revised.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we invite you to contact the administrative offices at City Hall.

# City of Farmington Hills, Michigan

## Statement of Net Assets June 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 38,072,175	\$ 31,563,133	\$ 69,635,308	\$ 505,794
Receivables:				
Customers	-	9,144,525	9,144,525	-
Special assessments	4,215,769	-	4,215,769	-
Accrued interest and other	1,034,816	51,620	1,086,436	103
Due from other governmental units:				
Component units	433,708	1,498,878	1,932,586	-
Others	3,072,698	313,762	3,386,460	-
Advances due from SWOCC (Note 11)	2,122,421	-	2,122,421	-
Internal balances	(4,789,703)	4,789,703	-	-
Inventories	616,764	277,897	894,661	-
Restricted assets (Note 7)	840,945	-	840,945	-
Capital assets - Net (Note 4)	161,448,469	96,388,383	257,836,852	-
<b>Total assets</b>	<b>207,068,062</b>	<b>144,027,901</b>	<b>351,095,963</b>	<b>505,897</b>
<b>Liabilities</b>				
Accounts payable	3,186,390	3,243,775	6,430,165	4,876
Accrued and other liabilities	2,826,462	505,306	3,331,768	-
Due to primary government	-	-	-	1,932,586
Deferred revenue (Note 13)	83,226	118,619	201,845	-
Noncurrent liabilities (Note 6):				
Due within one year	5,964,161	907,554	6,871,715	-
Due in more than one year	32,507,810	7,082,278	39,590,088	-
<b>Total liabilities</b>	<b>44,568,049</b>	<b>11,857,532</b>	<b>56,425,581</b>	<b>1,937,462</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	128,876,295	88,398,551	217,274,846	-
Restricted:				
Streets and highways	3,949,830	-	3,949,830	-
Debt service	8,699,130	-	8,699,130	-
Public safety	434,574	-	434,574	-
Parks and recreation	1,211,700	-	1,211,700	-
Capital projects	1,375,631	-	1,375,631	-
County drains	840,945	-	840,945	-
Unrestricted	17,111,908	43,771,818	60,883,726	(1,431,565)
<b>Total net assets</b>	<b>\$ 162,500,013</b>	<b>\$ 132,170,369</b>	<b>\$ 294,670,382</b>	<b>\$ (1,431,565)</b>



# City of Farmington Hills, Michigan

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 13,776,963	\$ 2,174,688	\$ 4,692	\$ -
Public safety	24,632,334	1,337,092	406,813	49,447
Public works	16,025,955	870,437	5,349,879	1,655,801
Community and economic development	2,389,468	1,034,612	2,153,055	-
Recreation and culture	7,240,514	2,049,636	584,476	354,823
Interest on long-term debt	1,590,773	-	-	-
Total governmental activities	65,656,007	7,466,465	8,498,915	2,060,071
Business-type activities:				
Water and sewer	22,235,312	19,271,313	-	2,092,681
Ice arena	1,695,654	1,631,055	-	-
Total primary government	<u><b>\$ 89,586,973</b></u>	<u><b>\$ 28,368,833</b></u>	<u><b>\$ 8,498,915</b></u>	<u><b>\$ 4,152,752</b></u>
Component units:				
Economic Development Corporation	\$ 63,668	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	501,320	-	-	-
Total component units	<u><b>\$ 564,988</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>
General revenues:				
Property taxes				
State-shared revenues				
Cable fees (unrestricted)				
Unrestricted investment earnings				
Gain (loss) on disposal				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets (Deficit) - Beginning of year</b>				
<b>Net Assets (Deficit) - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (11,597,583)	\$ -	\$ (11,597,583)	\$ -
(22,838,982)	-	(22,838,982)	-
(8,149,838)	-	(8,149,838)	-
798,199	-	798,199	-
(4,251,579)	-	(4,251,579)	-
(1,590,773)	-	(1,590,773)	-
(47,630,556)	-	(47,630,556)	-
-	(871,318)	(871,318)	-
-	(64,599)	(64,599)	-
(47,630,556)	(935,917)	(48,566,473)	-
-	-	-	(63,668)
-	-	-	(501,320)
-	-	-	(564,988)
38,112,953	-	38,112,953	-
7,836,696	-	7,836,696	-
936,151	-	936,151	-
1,433,742	641,126	2,074,868	8,580
160,556	-	160,556	-
362,056	-	362,056	1,100
683,846	(683,846)	-	-
49,526,000	(42,720)	49,483,280	9,680
1,895,444	(978,637)	916,807	(555,308)
160,604,569	133,149,006	293,753,575	(876,257)
<b>\$ 162,500,013</b>	<b>\$ 132,170,369</b>	<b>\$ 294,670,382</b>	<b>\$ (1,431,565)</b>

# City of Farmington Hills, Michigan

	Major Funds				
	General	Major Road	Local Road	Capital Improvement	Special Assessments Debt Service
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 14,284,795	\$ 1,670,271	\$ 1,119,971	\$ 6,974,019	\$ 4,936,219
Receivables:					
Special assessments	-	-	-	-	2,950,877
Other governmental units:					
Component units	-	-	-	433,708	-
Others	1,665,978	671,868	233,473	451,379	-
Accrued interest and other	434,978	384	37,336	561,713	-
Due from other funds (Note 5)	1,199,426	798,089	560,511	81,402	56,330
Advances due from Southwestern Oakland Cable Commission (Note 11)	2,122,421	-	-	-	-
Total assets	<u>\$ 19,707,598</u>	<u>\$ 3,140,612</u>	<u>\$ 1,951,291</u>	<u>\$ 8,502,221</u>	<u>\$ 7,943,426</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,123,597	\$ 246,968	\$ 534,736	\$ 748,445	\$ 4,441
Accrued and other liabilities	2,462,260	-	-	31,044	-
Due to other funds	37,560	206,584	153,785	5,825,559	-
Deferred revenue (Note 13)	-	-	-	560,000	2,950,877
Total liabilities	3,623,417	453,552	688,521	7,165,048	2,955,318
<b>Fund Balances</b>					
Reserved for:					
Long-term advances	2,122,421	-	-	-	-
Encumbrances	333,000	-	-	-	-
Unreserved:					
Designated (Note 12)	7,868,365	2,687,060	1,262,770	1,337,173	4,988,108
Undesignated	5,760,395	-	-	-	-
Unreserved, reported in:					
Special Revenue Funds:					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Debt Service Funds - Designated	-	-	-	-	-
Total fund balances	16,084,181	2,687,060	1,262,770	1,337,173	4,988,108
Total liabilities and fund balances	<u>\$ 19,707,598</u>	<u>\$ 3,140,612</u>	<u>\$ 1,951,291</u>	<u>\$ 8,502,221</u>	<u>\$ 7,943,426</u>

**Governmental Funds  
Balance Sheet  
June 30, 2003**

<u>SAD Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 452,020	\$ 8,634,880	\$ 38,072,175
1,264,892	-	4,215,769
-	-	433,708
-	50,000	3,072,698
-	405	1,034,816
40,469	19,636	2,755,863
-	-	2,122,421
<u><b>\$ 1,757,381</b></u>	<u><b>\$ 8,704,921</b></u>	<u><b>\$ 51,707,450</b></u>
\$ 90,222	\$ 437,981	\$ 3,186,390
-	-	2,493,304
291,528	1,030,550	7,545,566
<u>1,264,892</u>	<u>83,226</u>	<u>4,858,995</u>
1,646,642	1,551,757	18,084,255
-	-	2,122,421
-	-	333,000
110,739	-	18,254,215
-	-	5,760,395
-	6,347,015	6,347,015
-	46,004	46,004
-	<u>760,145</u>	<u>760,145</u>
<u>110,739</u>	<u>7,153,164</u>	<u>33,623,195</u>
<u><b>\$ 1,757,381</b></u>	<u><b>\$ 8,704,921</b></u>	<u><b>\$ 51,707,450</b></u>

# City of Farmington Hills, Michigan

## **Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2003**

<b>Total Fund Balances of Governmental Funds</b>	<b>\$ 33,623,195</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	161,448,469
--	-------------

Long-term receivables such as special assessments are expected to be collected over several years in the governmental funds and are not available to pay for current year expenditures	4,775,769
--	-----------

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:	
Bonds payable	(32,572,174)
Accrued interest payable	(333,158)
Compensated absences	(4,977,797)
General liability claims	(922,000)

Cash held by Oakland County for drain projects is not included as an asset in the governmental funds	840,945
--	---------

Inventories are not recorded as assets in the governmental funds	<u>616,764</u>
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<b>Net Assets of Governmental Activities</b>	<b><u>\$ 162,500,013</u></b>
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# City of Farmington Hills, Michigan

	Major Funds			
	General	Major Road	Local Road	Capital Improvement
<b>Revenue</b>				
Property taxes	\$ 27,061,927	\$ -	\$ -	\$ 2,638,097
Intergovernmental revenue:				
Federal	2,936	162,839	-	-
State	8,052,396	4,082,146	1,352,118	1,846,703
Other	154,823	-	-	-
Special assessments	-	-	-	-
Charges for services	6,835,109	-	-	-
Fines and forfeitures	2,087,250	-	-	-
Investment and interest income	789,978	18,171	11,851	78,443
Miscellaneous revenue	314,990	3,500	7,464	131,501
Total revenue	45,299,409	4,266,656	1,371,433	4,694,744
<b>Expenditures</b>				
Current:				
General government	12,858,200	-	-	-
Public safety	19,242,028	-	-	-
Public works	6,663,645	4,351,346	2,877,535	-
Community and economic development	1,975,552	-	-	-
Recreation and culture	5,332,284	-	-	-
Capital outlay	-	-	-	9,687,187
Debt service	-	-	-	-
Total expenditures	46,071,709	4,351,346	2,877,535	9,687,187
<b>Excess of Revenue Over (Under) Expenditures</b>	(772,300)	(84,690)	(1,506,102)	(4,992,443)
<b>Other Financing Sources (Uses)</b>				
Transfers in	832,868	2,054,598	1,630,510	1,125,681
Transfers out	(2,921,980)	(1,132,603)	-	(703,551)
Proceeds from long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	(2,089,112)	921,995	1,630,510	422,130
<b>Net Change in Fund Balances</b>	(2,861,412)	837,305	124,408	(4,570,313)
<b>Fund Balances - Beginning of year - As restated (Note 1)</b>	18,945,593	1,849,755	1,138,362	5,907,486
<b>Fund Balances - End of year</b>	<u>\$ 16,084,181</u>	<u>\$ 2,687,060</u>	<u>\$ 1,262,770</u>	<u>\$ 1,337,173</u>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Year Ended June 30, 2003**

Special Assessments Debt Service	SAD Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,412,929	\$ 38,112,953
-	-	592,389	758,164
-	-	211,100	15,544,463
-	-	-	154,823
705,338	699,739	-	1,405,077
-	-	-	6,835,109
-	-	-	2,087,250
247,969	57,100	179,897	1,383,409
-	-	766,515	1,223,970
953,307	756,839	10,162,830	67,505,218
14,163	64,929	-	12,937,292
-	-	3,950,333	23,192,361
-	-	-	13,892,526
-	-	275,555	2,251,107
-	-	523,550	5,855,834
-	52,726	6,245,230	15,985,143
1,318,397	-	3,488,516	4,806,913
1,332,560	117,655	14,483,184	78,921,176
(379,253)	639,184	(4,320,354)	(11,415,958)
308,400	-	7,194,934	13,146,991
(537)	(1,104,290)	(6,600,184)	(12,463,145)
34,000	1,551,000	2,897,836	4,482,836
-	-	(2,897,836)	(2,897,836)
341,863	446,710	594,750	2,268,846
(37,390)	1,085,894	(3,725,604)	(9,147,112)
5,025,498	(975,155)	10,878,768	42,770,307
<u>\$ 4,988,108</u>	<u>\$ 110,739</u>	<u>\$ 7,153,164</u>	<u>\$ 33,623,195</u>

# City of Farmington Hills, Michigan

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003**

**Net Change in Fund Balances - Total Governmental Funds** \$ (9,147,112)

Amounts reported for governmental activities in the statement of net activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay expenditures	18,941,512
Depreciation expense	(8,315,067)

Revenue, such as special assessment revenue, reported in the statement of activities in previous years did not provide current financial resources in the governmental funds until the current year (690,147)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities 3,318,516

Proceeds from long-term debt and payment to refunded bond escrow agent are reported as other financing sources in the governmental funds, but not in the statement of activities:

Proceeds from long-term debt	(4,482,836)
Payment to refunded bond escrow agent	2,897,836

The change in liabilities for accrued interest payable, compensated absences, and general claims are recorded when incurred in the statement of activities:

Accrued interest payable	(102,376)
Compensated absences	(259,797)
General liability claims	(284,000)

Investment income earned on cash held by Oakland County for drain projects is not included in the governmental funds 52,533

Inventories are not recorded in the governmental funds (33,618)

**Change in Net Assets of Governmental Activities** \$ 1,895,444



# City of Farmington Hills, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2003

	Enterprise Funds		
	Water and Sewer Fund	Ice Arena Fund	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 31,125,265	\$ 437,868	31,563,133
Receivables:			
Customers	9,144,525	-	9,144,525
Other governmental units:			
Component units	1,498,815	63	1,498,878
Other	313,762	-	313,762
Interest and other	51,485	135	51,620
Due from other funds (Note 5)	5,361,354	16,522	5,377,876
Inventories	277,897	-	277,897
Total current assets	47,773,103	454,588	48,227,691
Capital assets (Note 4)	91,548,992	4,839,391	96,388,383
Total assets	139,322,095	5,293,979	144,616,074
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,198,071	45,704	3,243,775
Accrued and other liabilities	387,566	117,740	505,306
Due to other funds	588,173	-	588,173
Deferred revenue	118,619	-	118,619
Current portion of long-term debt (Note 6)	587,554	320,000	907,554
Total current liabilities	4,879,983	483,444	5,363,427
Long-term debt - Net of current portion (Note 6)	2,896,028	4,186,250	7,082,278
Total liabilities	7,776,011	4,669,694	12,445,705
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	88,065,410	333,141	88,398,551
Unrestricted	43,480,674	291,144	43,771,818
Total net assets	<u>\$ 131,546,084</u>	<u>\$ 624,285</u>	<u>\$ 132,170,369</u>

# City of Farmington Hills, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2003

	Enterprise Funds		
	Water and Sewer Fund	Ice Arena Fund	Total
<b>Operating Revenue</b>			
Sale of water	\$ 10,103,709	\$ -	\$ 10,103,709
Sewage disposal charges	8,540,110	-	8,540,110
Ice arena rentals	-	1,219,675	1,219,675
Food sales	-	194,033	194,033
Retail sales	-	119,569	119,569
Other	627,494	97,778	725,272
Total operating revenue	19,271,313	1,631,055	20,902,368
<b>Operating Expenses</b>			
Cost of water purchased	7,011,740	-	7,011,740
Cost of sewage treatment	6,708,657	-	6,708,657
Cost of ice arena sales	-	206,431	206,431
Operations and maintenance	3,714,152	973,625	4,687,777
Depreciation	3,168,001	265,179	3,433,180
General and administrative	1,452,594	-	1,452,594
Total operating expenses	22,055,144	1,445,235	23,500,379
<b>Operating Income (Loss)</b>	(2,783,831)	185,820	(2,598,011)
<b>Nonoperating Revenue (Expenses)</b>			
Investment income	637,512	3,614	641,126
Interest expense	(182,962)	(249,708)	(432,670)
Capital charges	1,001,415	-	1,001,415
Debt service charges	1,091,266	-	1,091,266
Other	2,794	(711)	2,083
Total nonoperating revenue (expenses)	2,550,025	(246,805)	2,303,220
<b>Loss - Before transfers</b>	(233,806)	(60,985)	(294,791)
<b>Transfers In from Other Funds</b>	181,600	-	181,600
<b>Transfers Out to Other Funds</b>	(865,446)	-	(865,446)
<b>Change in Net Assets</b>	(917,652)	(60,985)	(978,637)
<b>Net Assets - Beginning of year</b>	132,463,736	685,270	133,149,006
<b>Net Assets - End of year</b>	<u>\$ 131,546,084</u>	<u>\$ 624,285</u>	<u>\$ 132,170,369</u>

# City of Farmington Hills, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2003

	Enterprise Funds		
	Water and Sewer Fund	Ice Arena Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 17,807,126	\$ 1,631,055	\$ 19,438,181
Payments to suppliers and employees	(21,295,166)	(1,075,989)	(22,371,155)
Other receipts (payments)	2,794	(711)	2,083
Net cash provided by (used in) operating activities	(3,485,246)	554,355	(2,930,891)
<b>Cash Flows from Noncapital Financing Activities - Transfers and advances to other funds</b>	(5,765,200)	-	(5,765,200)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Collection of debt service and capital charges	2,092,681	-	2,092,681
Purchase of capital assets	(2,173,220)	(32,393)	(2,205,613)
Principal and interest paid on capital debt	(763,396)	(532,208)	(1,295,604)
Net cash used in capital and related financing activities	(843,935)	(564,601)	(1,408,536)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	637,512	3,614	641,126
Advance to component unit	(272,500)	-	(272,500)
Net cash provided by investing activities	365,012	3,614	368,626
<b>Net Decrease in Cash and Cash Equivalents</b>	(9,729,369)	(6,632)	(9,736,001)
<b>Cash and Cash Equivalents - Beginning of year</b>	40,854,634	444,500	41,299,134
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 31,125,265</b>	<b>\$ 437,868</b>	<b>\$ 31,563,133</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
Operating income (loss)	\$ (2,783,831)	\$ 185,820	\$ (2,598,011)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	3,168,001	265,179	3,433,180
Changes in assets and liabilities:			
Receivables	(4,270,638)	(86)	(4,270,724)
Other assets	(235,487)	(16,522)	(252,009)
Inventories	(53,269)	96,272	43,003
Accounts payable	162,335	(12,492)	149,843
Accrued and other liabilities	527,643	36,184	563,827
Net cash provided by (used in) operating activities	<b>\$ (3,485,246)</b>	<b>\$ 554,355</b>	<b>\$ (2,930,891)</b>

# City of Farmington Hills, Michigan

## Fiduciary Funds Statement of Net Assets

	Pension and Other Employee Benefit Trust Funds - December 31, 2002	Agency Funds - June 30, 2003
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 6,757,012
Investments:		
Pooled funds	4,719,666	-
Mutual funds	1,693,130	-
U.S. government securities	7,024,505	-
U.S. agency mortgage-backed securities	8,516,776	-
Corporate bonds and securities	9,484,090	-
Common stocks	50,500,991	-
Other	169,500	-
Receivables:		
Accrued interest	400,572	98
Others	2,931	3,379
Total assets	82,512,161	<u><u>\$ 6,760,489</u></u>
<b>Liabilities</b>		
Performance bonds and deposits	-	\$ 5,202,165
Due to other governmental units	-	1,558,324
Total liabilities	-	<u><u>\$ 6,760,489</u></u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u><u>\$ 82,512,161</u></u>	

# City of Farmington Hills, Michigan

## **Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2002**

	Pension and Other Employee Benefit Trust Funds
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 2,476,002
Net decrease in fair value of investments	<u>(12,754,568)</u>
Net investment loss	(10,278,566)
Contributions:	
Employer	3,419,388
Employee	<u>1,254,523</u>
Total contributions	<u>4,673,911</u>
Total additions - Net of investment loss	(5,604,655)
<b>Deductions</b>	
Benefit payments	2,104,691
Refunds of contributions	<u>340,708</u>
Total deductions	<u>2,445,399</u>
<b>Net Decrease</b>	(8,050,054)
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>90,562,215</u>
End of year	<u><u>\$ 82,512,161</u></u>

# City of Farmington Hills, Michigan

## Component Units Statement of Net Assets (Deficit) June 30, 2003

	Economic Development Corporation	Brownfield Redevelopment Authority	Totals
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 505,249	\$ 545	\$ 505,794
Receivables - Accrued interest and other	103	-	103
Total assets	505,352	545	505,897
<b>Liabilities</b>			
Accounts payable	1,841	3,035	4,876
Due to primary government	63	1,932,523	1,932,586
Total liabilities	1,904	1,935,558	1,937,462
<b>Net Assets (Deficit) - Unrestricted</b>	<b>\$ 503,448</b>	<b>\$ (1,935,013)</b>	<b>\$ (1,431,565)</b>

# City of Farmington Hills, Michigan

## Component Units Statement of Activities Year Ended June 30, 2003

		Net Expense and Change in Net Assets		
		Economic	Brownfield	
		Development	Redevelopment	
	Expenses	Corporation	Authority	Total
Economic Development Corporation - Community and economic development	\$ 63,668	\$ (63,668)	\$ -	\$ (63,668)
Brownfield Redevelopment Authority - Public works	<u>501,320</u>	<u>-</u>	<u>(501,320)</u>	<u>(501,320)</u>
Total	<u><b>\$ 564,988</b></u>	<u>(63,668)</u>	<u>(501,320)</u>	<u>(564,988)</u>
General revenues:				
Interest		8,561	19	8,580
Other		<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total general revenues		<u>9,661</u>	<u>19</u>	<u>9,680</u>
<b>Change in Net Assets</b>		(54,007)	(501,301)	(555,308)
<b>Net Assets (Deficit) - Beginning of year</b>		<u>557,455</u>	<u>(1,433,712)</u>	<u>(876,257)</u>
<b>Net Assets (Deficit) - End of year</b>		<u><b>\$ 503,448</b></u>	<u><b>\$ (1,935,013)</b></u>	<u><b>\$ (1,431,565)</b></u>

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Farmington Hills, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Farmington Hills, Michigan:

#### **Reporting Entity**

The City of Farmington Hills, Michigan is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Blended Component Units** - The Farmington Hills Building Authority (the "Authority") is governed by a Board that is appointed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings. The operations of the Authority are reported as a nonmajor Debt Service Fund.

- a. The Economic Development Corporation (the "Corporation") was created to encourage and assist commercial and industrial enterprises to locate and expand facilities and services to the City and its residents. The Corporation's governing body, which consists of nine individuals, is appointed by the City Council. In certain situations, members of the Board of Directors may be removed by a majority of the City Council. Complete financial statements for the Economic Development Corporation can be obtained from the administrative office at 31555 Eleven Mile Road, Farmington Hills, MI 48336.
- b. The Brownfield Redevelopment Authority was created to facilitate the implementation of plans for the identification, treatment, and revitalization of environmentally distressed areas within the City designated as Brownfield Redevelopment Zones. The Brownfield Redevelopment Authority's governing Board of Directors, consisting of nine members, is appointed by the mayor subject to approval by the City Council. In certain situations, members of the Board of Directors may be removed by action of the City Council. Complete financial statements for the Brownfield Redevelopment Authority can be obtained from the administrative office at 31555 Eleven Mile Road, Farmington Hills, MI 48336.



# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Major Road Fund accounts for the construction, maintenance, and repairs of all streets classified as "major roads" within the City. Financing is provided primarily by State-shared gas and weight taxes and local contributions. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

- The Local Road Fund accounts for the construction, maintenance, and repairs of all streets classified as “local roads” within the City. Financing is provided primarily by State-shared gas and weight taxes and local contributions. The fund is operated under the provisions of Michigan’s Act 51 of the Public Acts of 1951, as amended.
- The Capital Improvement Fund accounts for projects and equipment acquisitions in excess of \$25,000 financed by millage from within the City Charter millage cap allocated for this purpose by the City Council.
- The Special Assessments Debt Service Fund is used to accumulate special assessment collections to be used to pay debt service costs for bonds issued for specific local improvements that benefit property owners.
- SAD Capital Projects Fund is used to account for the construction activity for local improvement that benefit property owners.

The City reports the following major Enterprise Funds:

- The Water and Sewer Fund accounts for the activity of the water distribution and sewage collection systems administered by Oakland County.
- The Ice Arena Fund accounts for the operations and maintenance of the City’s ice arena. User fees provide the funding needed to operate and maintain the arena.

Additionally, the City reports the following fund types:

- The Pension and Other Employee Benefit Trust Funds account for the activities of employee benefit plans that accumulate resources for pension and other post-employment benefit payments to qualified employees.
- The Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenue, special assessments collected in the current fiscal period, and interest. All other revenue items are considered available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Private sector standards of accounting issued before December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to apply private sector standards issued after November 30, 1989 for its Enterprise Funds.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Assets, Liabilities, and Net Assets or Equity

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Taxes** - Property taxes are assessed as of December 31. The related property taxes are billed on July 1 of the following year and become a lien at that time. These taxes are payable at the City until August 31 without penalty. The final collection date by the City Treasurer is February 28 before they are added to the County tax rolls.

**Inventories** - Inventories are valued at cost, on a first-in, first-out basis, which approximates market value. Inventories of governmental funds are recorded as expenditures when purchased.

**Restricted Assets** - Restricted assets include amounts on deposit with Oakland County being held for the construction, maintenance, and related debt service of storm drains within the City.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Drains	50 years
Roads and sidewalks	20 to 50 years
Land improvements	15 to 30 years
Buildings and building improvements	30 years
Vehicles	3 to 5 years
Machinery and equipment	7 to 20 years
Office equipment and furniture	5 to 7 years
Water and sewer distribution systems	40 to 50 years

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment generally when the time is taken off, or employees terminate.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### Note I - Summary of Significant Accounting Policies (Continued)

#### Accounting and Reporting Changes

##### GASB Statement No. 34

Effective July 1, 2002, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The City has applied the provisions of this statement in the accompanying financial statements (including notes to the financial statements). The City has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations has been included.
- Government-wide financial statements prepared using full accrual accounting for all of the City's activities have been provided.
- Fund financial statements now focus on major funds.
- Capital assets in the governmental activities column of the statement of net assets include infrastructure assets (roads, bridges, etc.) not previously accounted for by the City as well as assets totaling \$76,745,365 previously reported in the General Fixed Assets Account Group.
- The governmental activities column includes bonds and other long-term obligations totaling \$43,663,418 previously reported in the General Long-term Debt Account Group. These liabilities have been adjusted by \$1,128,386 to properly reflect the City's compensated absence obligation at July 1, 2002.
- Water and sewer debt service activity previously accounted for in certain Debt Service Funds is now reported in the Water and Sewer Fund. The Water and Sewer Fund includes \$32,294,523 of net assets previously reported in the Debt Service Funds and \$4,064,016 of bond obligations previously reported in the General Long-term Debt Account Group.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **GASB Interpretation No. 6**

The City was required to implement GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, concurrent with the implementation of GASB Statement No. 34.

As a result of the implementation of these standards, fund balance in the General Fund at July 1, 2002 has been increased by \$143,439 resulting from the reclassification of certain compensated absence liabilities as general long-term liabilities. General long-term liabilities are reported in the government-wide financial statements and not in the General Fund. Under the provisions of Interpretation No. 6, liabilities for compensated absences are reported in the General Fund only to the extent that they have matured at year end (normally upon the occurrence of an event such as employee resignations and retirements).

### **Note 2 - Stewardship, Compliance, and Accountability**

The City adopts a formal budget for the General Fund and all Special Revenue and Debt Service Funds. By February 1 of each year, all department heads submit spending requests to the finance director so that a budget may be prepared. The proposed budget is adopted no later than the first regular Council meeting in June. The City Council must approve any budget amendments. During the year, the budget was amended in a legally permissible manner.

The budget is adopted on an activity basis. Although spending estimates are produced for each line item, budgetary control is exercised at the activity level. The city manager is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditures of any budgetary expenditure (activity) must be approved by the City Council. Expenditures at this level in excess of budget appropriation are a violation of Michigan law. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding in the General Fund at June 30, 2003 totals approximately \$333,000. The amount of encumbrances outstanding at June 30, 2003 for all other funds is not significant.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except the activity related to the defeasance of county contractual obligations was not budgeted. Comparison schedules are presented on the same basis of accounting used in preparing the adopted budget.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget information for revenue and expenditures presented for the General Fund, Special Revenue Funds, and Debt Service Funds is a summarization of the actual adopted budget. Individual amendments were not material in relation to the original appropriations that were adopted. Budget appropriations lapse at year end; encumbrances are not included as expenditures. A comparison of the adopted budget with the actual revenue and expenditures for the year is presented as required supplemental information.

Due to the volume of individual Special Assessment Funds maintained by the City, the activity for the funds has been presented on a combined basis in the SAD Capital Projects Fund and the Special Assessment Debt Service Fund for financial statement purposes. In accordance with State of Michigan law, the City maintains separate funds for all special assessment districts.

#### Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City incurred expenditures at the budgetary center level over budget as follows:

Fund	Amended Budget	Actual	Variance
Major funds:			
General Fund:			
General government	\$ 12,853,370	\$ 12,858,200	\$ (4,830)
Public safety	18,768,198	19,242,028	(473,830)
Special Assessments Debt Service Fund:			
General government	-	14,163	(14,163)
Debt principal payments	1,050,000	1,050,004	(4)
Transfers out	-	537	(537)
Nonmajor funds:			
Nutrition Grant Fund - Recreation and culture	343,556	399,061	(55,505)
Local Law Block Grant Fund - Public safety	56,088	56,097	(9)
Parks and Recreation Special Millage Fund:			
Recreation and culture	122,940	124,239	(1,299)
Capital outlay	404,800	453,267	(48,467)
Golf Course Improvement Fund - Capital outlay	19,200	23,626	(4,426)
Local Law Block Grant Fund - Public safety	56,091	56,097	(6)

These unfavorable variances were caused by unanticipated expenditures that became necessary during the year or were offset by positive variances in other areas.



# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

At June 30, 2003, the following Special Assessments Capital Projects Districts have fund deficits:

<u>Fund Number</u>	<u>Amount</u>
305	\$ 21,438
312	287,278
313	54,916
Total	<u>\$ 363,632</u>

These deficits are the result of special assessment bonding (financing) not being used to fund the projects. When the special assessment receivable is collected in ensuing years, revenue will be recognized and the deficits will be eliminated.

In addition, the Brownfield Redevelopment Authority has a deficit of \$1,935,013 at June 30, 2003. The deficit is the result of expenditures incurred that have been financed through borrowings from the Water and Sewer Fund. These borrowings will be repaid through the collection of tax increment revenues in future periods.

**State Construction Code Act** - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since July 1, 2001 is as follows:

Cumulative surplus - July 1, 2002	\$ 120,709
Current year building permit revenue	930,768
Related expenses:	
Direct costs	\$ 1,171,072
Estimated indirect costs	<u>212,174</u>
Total construction code expenses	<u>1,383,246</u>
Cumulative shortfall - June 30, 2003	<u>\$ (331,769)</u>

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The City has adopted an investment policy in accordance with State law.

The Employees' Retirement System and Postretirement Health Care Finance Fund are also authorized by Michigan Public Act 483 of 1996, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain State and local government obligations, and certain other specified investment vehicles.

To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool, except that investment earnings retained by the Agency Funds are allocated to the General Fund.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and cash equivalents	\$ 38,072,175	\$ 31,563,133	\$ 69,635,308	\$ 6,757,012	\$ 505,794
Investments	-	-	-	82,108,658	-
Total	<u>\$ 38,072,175</u>	<u>\$ 31,563,133</u>	<u>\$ 69,635,308</u>	<u>\$ 88,865,670</u>	<u>\$ 505,794</u>

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 3 - Deposits and Investments (Continued)

The above amounts are classified by GASB Statement No. 3 in the following categories:

	Primary Government	Fiduciary Funds	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 10,812,538	\$ 1,285,666	\$ 253,128
Investments in securities, mutual funds, and similar vehicles	51,445,985	87,580,004	252,641
Petty cash or cash on hand	6,400	-	25
Deposits held by Oakland County	7,370,385	-	-
Total	<u>\$ 69,635,308</u>	<u>\$ 88,865,670</u>	<u>\$ 505,794</u>

The deposits held by Oakland County are reported within the Water and Sewer Fund and represent the City's share of cash in the County's Water and Sewer Trust Fund. The deposits are not held in the name of the City.

### Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written, but not yet cleared or of deposits in transit) at the following amounts:

Primary government	\$9,829,240
Fiduciary funds	1,116,258
Component units	253,673

Of all deposits held in the name of the City of Farmington Hills, Michigan, approximately \$1,100,000 is covered by federal depository insurance and the remainder is uninsured and uncollateralized.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 3 - Deposits and Investments (Continued)

#### Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the City at June 30, 2003. Risk Category 1 includes those investments that are held in the City's name and meet any one of the following criteria:

- a. Insured
- b. Registered
- c. Held by the City or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the City's name. Category 3 includes investments held by:

- a. The counterparty
- b. The counterparty's trust department (or agent) but not in the City's name.

At year end, the City's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government - Investments not subject to categorization:				
Bank investment pools	\$ -	\$ -	\$ -	\$ 50,161,674
Interlocal agreement investment pools	-	-	-	1,284,311
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,445,985</u>
Fiduciary funds:				
U.S. government securities	\$ 7,024,505	\$ -	\$ -	\$ 7,024,505
U.S. agency mortgage-backed securities	8,516,776	-	-	8,516,776
Corporate bonds and securities	9,484,090	-	-	9,484,090
Common stock	50,500,991	-	-	50,500,991
Investments not subject to categorization:				
Bank investment pools	-	-	-	5,471,346
Mutual funds	-	-	-	6,582,296
Total fiduciary funds	<u>\$ 75,526,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,580,004</u>
Component units - Investments not subject to categorization - Bank investment pools	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,641</u>

### **Note 3 - Deposits and Investments (Continued)**

The bank investment pools, interlocal agreement investment pool, and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act. Investments under the interlocal agreement (MBIA-CLASS) are regulated by the Urban Cooperation Act. The fair value of the position in the bank investment pools and interlocal agreement pools is the same as the value of the pool shares.

Included in the fiduciary fund investments are the following:

- Approximately \$7,954,000 of collateralized mortgage obligations. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.
- Approximately \$772,000 of securities issued by the Government National Mortgage Association. These investments are backed up by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.
- Asset-backed securities of approximately \$1,818,000. These securities are backed by credit card or other receivables and typically include credit enhancements in the form of overcollateralization, third-party letters of credit, seller recourse, insurance company guarantees, and/or senior subordinated structures. These securities are generally considered to offer moderate credit risk, but such risk varies depending on the type of asset being securitized and the extent and nature of the credit enhancement. Prepayment of these “pay-through” securities could result in difficulty reinvesting the prepaid amounts in investments with comparable yields.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 4 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,800,629	\$ 452,076	\$ -	\$ 16,252,705
Right-of-way	30,780,144	804,989	23,203	31,561,930
Construction in progress	11,226,713	-	9,165,176	2,061,537
Subtotal	57,807,486	1,257,065	9,188,379	49,876,172
Capital assets being depreciated:				
Drains	17,206,941	-	-	17,206,941
Sidewalks	11,039,332	227,225	-	11,266,557
Major roads	39,570,362	2,326,342	-	41,896,704
Local roads	67,536,497	1,498,688	175,482	68,859,703
Land improvements	9,268,290	3,118,173	-	12,386,463
Buildings and improvements	25,151,314	17,272,790	-	42,424,104
Machinery and equipment	5,825,074	1,261,734	35,121	7,051,687
Vehicles	9,277,659	1,495,845	391,045	10,382,459
Office equipment	2,934,187	349,134	75,457	3,207,864
Subtotal	187,809,656	27,549,931	677,105	214,682,482
Accumulated depreciation:				
Drains	3,603,095	344,139	-	3,947,234
Sidewalks	4,720,491	339,913	-	5,060,404
Major roads	19,134,373	1,416,004	-	20,550,377
Local roads	44,778,226	2,254,639	-	47,032,865
Land improvements	3,114,474	760,397	-	3,874,871
Buildings and improvements	8,560,445	1,270,533	-	9,830,978
Machinery and equipment	3,426,971	566,302	-	3,993,273
Vehicles	6,012,948	1,103,944	-	7,116,892
Office equipment	1,444,095	259,196	-	1,703,291
Subtotal	94,795,118	8,315,067	-	103,110,185
Net capital assets being depreciated	93,014,538	19,234,864	677,105	111,572,297
Net capital assets	\$ 150,822,024	\$ 20,491,929	\$ 9,865,484	\$ 161,448,469

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 4 - Capital Assets (Continued)

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 390,000	\$ -	\$ -	\$ 390,000
Construction in progress	674,690	1,884,728	-	2,559,418
Subtotal	1,064,690	1,884,728	-	2,949,418
Capital assets being depreciated:				
Water distribution system	62,899,964	141,059	-	63,041,023
Sewage disposal system	87,768,177	147,433	-	87,915,610
Land improvements	587,754	-	-	587,754
Building and building improvements	4,933,271	32,393	-	4,965,664
Machinery and equipment	811,017	-	-	811,017
Office equipment and furniture	98,640	-	5,390	93,250
Subtotal	157,098,823	320,885	5,390	157,414,318
Accumulated depreciation:				
Water distribution system	24,904,718	1,408,810	-	26,313,528
Sewage disposal system	33,894,340	1,759,191	-	35,653,531
Land improvements	254,498	39,184	-	293,682
Building and building improvements	1,069,966	164,903	-	1,234,869
Machinery and equipment	342,744	50,677	-	393,421
Office equipment and furniture	80,586	10,415	4,679	86,322
Subtotal	60,546,852	3,433,180	4,679	63,975,353
Net capital assets being depreciated	96,551,971	(3,112,295)	711	93,438,965
Net capital assets	\$ 97,616,661	\$ (1,227,567)	\$ 711	\$ 96,388,383

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 591,607
Public safety	1,339,871
Public works	5,011,354
Community and economic development	13,191
Recreation and culture	1,359,044
Total governmental activities	\$ 8,315,067
Business-type activities:	
Water and sewer	\$ 3,168,001
Ice arena	265,179
Total business-type activities	\$ 3,433,180

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Interfund Receivables, Payables, and Transfers

The interfund balances are comprised of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Major Road Fund	\$ 106,045
	Local Road Fund	99,655
	Capital Improvement Fund	395,654
	Nonmajor governmental funds	579,906
	Water and Sewer Fund	<u>18,166</u>
	Total General Fund	1,199,426
Major Road Fund	Capital Improvement Fund	348,551
	Water and Sewer Fund	<u>449,538</u>
	Total Major Road Fund	798,089
Local Road Fund	Major Road Fund	100,539
	SAD Capital Projects Fund	291,528
	Nonmajor governmental funds	<u>168,444</u>
	Total Local Road Fund	560,511
Capital Improvement Fund	General Fund	1,402
	Water and Sewer Fund	<u>80,000</u>
	Total Capital Improvement Fund	81,402
Special Assessment Debt Service Fund	Local Road Fund	54,130
	Nonmajor governmental funds	<u>2,200</u>
	Total Special Assessment Debt Service Fund	56,330
SAD Capital Projects Fund	Water and Sewer Fund	40,469
Nonmajor Governmental Funds	General Fund	19,636
Water and Sewer Fund	Capital Improvement Fund	5,081,354
	Nonmajor governmental funds	<u>280,000</u>
	Total Water and Sewer Fund	5,361,354
Ice Arena Fund	General Fund	<u>16,522</u>
	Total	<u>\$ 8,133,739</u>



# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers are comprised of the following:

Fund Transferred From	Fund Transferred To	Amount
General Fund	Major Road Fund	\$ 687,784 (1)
	Capital Improvement Fund	1,248,880 (3)
	Nonmajor governmental funds	<u>985,316 (3)</u>
	Total General Fund	2,921,980
Major Road Fund	Local Road Fund	563,878 (4)
	Nonmajor governmental funds	<u>568,725 (2)</u>
	Total Major Fund	1,132,603
Capital Improvement Fund	Major Road Fund	348,551 (1)
	Nonmajor governmental funds	<u>355,000 (3)</u>
	Total Capital Improvement Fund	703,551
Special Assessments Debt Service Fund	Local Road Fund	537 (3)
SAD Capital Projects Fund	Local Road Fund	795,890 (3)
	Special Assessment Debt Service Fund	<u>308,400 (2)</u>
	Total SAD Capital Projects Fund	1,104,290
Nonmajor Governmental Funds	General Fund	832,868 (3)
	Major Road Fund	568,725 (2)
	Local Road Fund	196,098 (3)
	Capital Improvement Fund	2,985,000 (3)
	Nonmajor governmental Funds	1,835,893 (3)
	Water and Sewer Fund	<u>181,600 (3)</u>
	Total nonmajor governmental funds	6,600,184
	Total governmental funds	12,463,145
Water and Sewer Fund	Local Road Fund	74,108 (3)
	Major Road Fund	449,538 (3)
	Capital Improvement Fund	224,800 (3)
	Nonmajor governmental funds	<u>117,000 (3)</u>
	Total Enterprise Funds	<u>865,446</u>
	Total	<u>\$ 13,328,591</u>

- (1) Transfer of discretionary funds to be used for the benefit of the community
- (2) Transfer for debt service payments
- (3) Transfer for capital improvements
- (4) Allowable transfer under Act 51

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual obligations are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental activities:						
General obligation bonds:						
Building Authority Bonds:						
Police Station						
Amount of Issue: \$2,145,000	5.15% -	\$250,000 -	\$ 755,000	\$ (240,000)	\$ 515,000	\$ 250,000
Maturing through 2005	5.30%	\$265,000				
William M. Costick Activities Center						
Amount of Issue - \$4,000,000	2.00% -	\$225,000 -	1,125,000	(275,000)	850,000	300,000
Maturing through 2006	4.00%	\$325,000				
Fire Station #2 Renovation						
Amount of Issue - \$1,100,000	4.85% -	\$75,000 -	650,000	(75,000)	575,000	75,000
Maturing through 2009	5.00%	\$100,000				
DPW Expansion						
Amount of issue - \$3,000,000	4.80% -	\$100,000 -	2,500,000	(100,000)	2,400,000	100,000
Maturing through 2018	5.50%	\$200,000				
District Court Building						
Amount of Issue - \$11,000,000	3.00% -	\$300,000 -	11,000,000	(200,000)	10,800,000	300,000
Maturing through 2021	5.00%	\$1,000,000				
Michigan Transportation Fund Bonds						
Amount of Issue - \$2,250,000	5.50% -	\$200,000	800,000	(200,000)	600,000	200,000
Maturing through 2006	6.85%					
Michigan Transportation Fund Bonds						
Amount of Issue - \$3,150,000	5.10%	\$ 250,000 -	1,600,000	(250,000)	1,350,000	250,000
Maturing through 2008		\$300,000				
County Contractual Obligations:						
Minnow Pond Drainage District Refunding Bonds						
Amount of Issue - \$6,524,348	4.10% -	\$568,814 -	5,974,980	(486,166)	5,488,814	568,814
Maturing through 2011	4.50%	\$807,036				
Caddell Drain						
Amount of Issue - \$2,141,142	6.70%	\$140,524	329,122	(188,598)	140,524	140,524
Maturing through 2004						

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental activities (Continued):						
County Contractual Obligations (Continued):						
Caddell Drain						
Amount of Issue - \$1,674,500	5.125%-	\$73,052-	\$ 1,369,727	\$ (1,369,727)	\$ -	\$ -
Maturing through 2015	5.875%	\$127,874				
Caddell Drain Refunding Bonds						
Amount of Issue - \$1,388,991	5.125%-	\$88,251-	-	1,388,991	1,388,991	88,251
Maturing through 2014	5.875%	\$126,620				
Pebble Creek Drainage District						
Amount of Issue - \$3,198,390	5.5%-	\$180,700-	2,123,225	(2,123,225)	-	-
Maturing through 2011	6.00%	\$271,050				
Pebble Creek Drainage District						
Amount of Issue - \$1,508,845	5.00%-	\$158,113-	-	1,508,845	1,508,845	158,113
Maturing through 2011	6.80%	\$212,323				
Special Assessment Bonds:						
Districts 208, 210, 214, 216, 220 Public Improvements						
Amount of Issue - \$540,000	5.00%	\$50,000	100,000	(50,000)	50,000	50,000
Maturing through 2004						
Districts 224, 226, 227, 230, 233, 234 Public Improvements						
Amount of Issue - \$630,000	5.00% -	\$30,000 -	125,000	(30,000)	95,000	30,000
Maturing through 2006	6.60%	\$35,000				
Districts 235, 236, 237, 238, 239 Public Improvements						
Amount of Issue - \$575,000	3.00%	\$20,000	100,000	(20,000)	80,000	20,000
Maturing through 2007						
Districts 242, 245, 248, 249, 252, 253 Public Improvements						
Amount of Issue - \$1,150,000	5.50% -	\$25,000 -	225,000	(75,000)	150,000	50,000
Maturing through 2007	5.90%	\$50,000				
Districts 228, 229, 231, 254-262, 265 Public Improvements						
Amount of Issue - \$1,885,000	5.15% -	\$35,000 -	760,000	(175,000)	585,000	175,000
Maturing through 2011	5.90%	\$175,000				
Districts 246, 250, 263, 264, 266, 267, 268, 269, 273 Public Improvements						
Amount of Issue - \$915,000	4.80% -	\$15,000 -	440,000	(100,000)	340,000	100,000
Maturing through 2010	5.40%	\$100,000				
Districts 270, 271, 274, 276, 277, 278, 279, 281, 283, 284 Public Improvements						
Amount of Issue - \$2,155,000	4.10% -	\$25,000 -	1,405,000	(200,000)	1,205,000	200,000
Maturing through 2013	4.60%	\$200,000				
Districts 285, 286, 287, 289, and 294 Public Improvements						
Amount of Issue - \$2,860,000	3.70%-	\$75,000-				
Maturing through 2013	3.80%	\$275,000	2,025,000	(275,000)	1,750,000	275,000

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental activities (Continued):						
Special Assessment Bonds (Continued):						
Districts 292, 302, 303, 288, 291, 293, 295, 297, 290, 300 Public Improvements						
Amount of Issue - \$1,490,000	4.40%-	\$25,000-	\$ 1,240,000	\$ (125,000)	\$ 1,115,000	\$ 125,000
Maturing through 2014	5.30%	\$150,000				
Public Improvement Districts 306, 307, 308, 309, 310, 311						
Amount of Issue - \$1,585,000	2.00%-	\$150,000-	-	1,585,000	1,585,000	170,000
Maturing through 2012	3.25%	\$195,000				
Total bond obligations			34,647,054	(2,074,880)	32,572,174	3,625,702
Other long-term obligations:						
Estimated general liability claims			638,000	284,000	922,000	-
Compensated absences			4,718,000	259,797	4,977,797	2,338,459
Total other long-term obligations			5,356,000	543,797	5,899,797	2,338,459
Total governmental activities			40,003,054	(1,531,083)	38,471,971	5,964,161
Business-type activities:						
General obligation bonds:						
1994 General Obligation Bonds - Ice Arena						
Amount of Issue - \$6,000,000	5.50% -	\$275,000 -	850,000	(275,000)	575,000	275,000
Maturing through 2005	5.60%	\$300,000				
1998 Refunding Bonds						
Amount of Issue - \$4,495,000	3.80% -	\$45,000 -	4,345,000	(40,000)	4,305,000	45,000
Maturing through 2015	4.40%	\$495,000				
Less unamortized discount and deferred amount on refunding			(406,250)	32,500	(373,750)	-
County Contractual Obligations - Water and Sewer:						
Water Supply System - Northwest Pressure District						
Amount of Issue - \$2,180,000	4.70%	\$175,000	365,000	(190,000)	175,000	175,000
Maturing through 2004						
Evergreen-Farmington Sewage Disposal System (Interceptor)						
Amount of Issue - \$4,677,000	5.00%	\$402,323 -	854,935	-	854,935	-
Maturing through 2009		\$452,612				
Evergreen-Farmington Sewage Disposal System						
Amount of Issue - \$1,079,308	3.50%	\$105,684	105,684	-	105,684	-
Maturing through 2010						

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-type activities (Continued):						
County Contractual Obligations - Water and Sewer (Continued):						
Evergreen-Farmington Sewage/Farmington Hills - Southfield:						
Segment I Refunding Bonds						
Amount of Issue - \$2,695,544	4.50% -	\$279,110 -	\$ 1,521,275	\$ (253,965)	\$ 1,267,310	\$ 279,110
Maturing through 2007	4.75%	\$349,516				
Evergreen-Farmington Sewage Disposal System (Segments I & II)						
Amount of Issue - \$843,418	8.963%	\$68,119 -	688,358	(69,911)	618,447	68,119
Maturing through 2010		\$105,315				
Evergreen-Farmington Permanent Meter and Interceptor Rehabilitation Refunding Bonds						
Amount of Issue - \$590,392	3.30% -	\$65,325 -	528,764	(66,558)	462,206	65,325
Maturing through 2009	4.00%	\$92,441				
Total business-type activities			8,852,766	(862,934)	7,989,832	907,554
Total primary government			\$ 48,855,820	\$ (2,394,017)	\$ 46,461,803	\$ 6,871,715

Annual debt service requirements to maturity for the above bond obligations, excluding the unamortized discount and deferred amount on refunding, are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 3,625,701	\$ 1,344,984	\$ 4,970,685	\$ 907,554	\$ 361,684	\$ 1,269,238
2005	3,480,364	1,192,636	4,673,000	781,941	318,126	1,100,067
2006	3,051,329	1,064,000	4,115,329	850,829	282,400	1,133,229
2007	2,838,368	952,518	3,790,886	876,601	245,401	1,122,002
2008	2,753,525	842,611	3,596,136	951,631	207,082	1,158,713
2009-2013	8,952,319	2,812,388	11,764,707	3,000,026	500,678	3,500,704
2014-2018	4,970,568	1,388,412	6,358,980	995,000	43,670	1,038,670
2018-2021	2,900,000	293,200	3,193,200	-	-	-
Total	\$ 32,572,174	\$ 9,890,749	\$ 42,462,923	\$ 8,363,582	\$ 1,959,041	\$ 10,322,623

**Current Refundings** - During the year, Oakland County issued general obligation refunding bonds, of which \$2,897,870 relate to drain projects in the City. The refunding bonds have an average interest rate of 5.0 percent; the proceeds, along with \$550,425 of drain funds held by Oakland County on behalf of the City, were used to refund \$3,239,200 of outstanding County contractual obligations with an average interest rate of 6.0 percent. The refunding reduced total debt service payments over the next 11 years by approximately \$443,000, which represents an economic gain of approximately \$326,000.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2003

### **Note 6 - Long-term Debt (Continued)**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the general purpose financial statements. At June 30, 2003, the City's portion of bonds outstanding that are considered defeased approximates \$10,500,000.

### **Note 7 - Restricted Assets**

Restricted assets consist of funds held by Oakland County Drain Commissioner on behalf of the City to be used for construction and maintenance of storm drains, including related debt service. Net assets have been restricted at June 30, 2003 for this amount.

### **Note 8 - Retirement Plan**

**Plan Description** - The City of Farmington Hills Employees' Retirement System (the "Plan") is a single-employer defined benefit pension plan that is administered by the City of Farmington Hills Employees' Retirement System Pension Board. Plan benefits accrue to all general, court, police, and fire employees who qualify under the Plan. The Plan provides retirement and disability benefits to plan members and their beneficiaries. In addition to providing pension benefits, the Plan provides health care benefits (in accordance with certain union contracts) for plan members if they reach the normal retirement age while working for the City (see Note 9). The accounts of the City of Farmington Hills Employees' Retirement System are maintained on a calendar year basis. The amounts included in the combined financial statements for this fund are as of and for the year ended December 31, 2002. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the City of Farmington Hills Employees' Retirement System at 31555 W. Eleven Mile Road, Farmington Hills, MI 48336.

**Basis of Accounting** - The Plan uses the accrual method of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are paid by the General Fund.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 8 - Retirement Plan (Continued)

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units. Generally, plan members are required to contribute 4.5 percent (3.5 percent for dispatch members) of base, longevity, and holiday (for certain groups) earnings for pension benefits, plus an additional 1.5 percent for health insurance. The funding policy provides for periodic employer contributions at actuarially determined rates. Employer contributions represented approximately 7.19 percent of covered payroll as reported on December 31, 2001.

**Annual Pension Costs** - For the year ended December 31, 2002, the City's annual pension cost of \$1,696,924 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2001 using the entry actual cost method. Significant actuarial assumptions used include: (a) a 7.0 percent investment rate of return; (b) projected salary increases of 4.75 percent per year; (c) additional projected salary increases ranging from 4.75 percent to 30.75 percent per year, depending on age and employee group, attributable to seniority/merit, and (d) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.75 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is over 10 years.

**Reserves** - As of December 31, 2002, the Plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 10,394,410
Reserve for retired benefit payments	14,635,636

Three-year trend information as of December 31, 2002:

	Fiscal Year Ended December 31		
	2000	2001	2002
Annual pension costs (APC)	\$ 1,501,521	\$ 1,438,356	\$ 1,696,924
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 8 - Retirement Plan (Continued)

	Actuarial Valuation as of December 31		
	1999	2000	2001
Actuarial value of assets	\$ 66,037,511	\$ 73,653,706	\$ 78,892,804
Actuarial accrued liability (AAL)			
(entry age)	\$ 64,218,038	\$ 70,119,210	\$ 75,952,124
Unfunded AAL (UAAL)	\$ (1,819,473)	\$ (3,534,496)	\$ (2,940,680)
Funded ratio (percent)	102.8%	105.0%	103.9%
Covered payroll	\$ 18,879,095	\$ 19,612,045	\$ 20,558,629
UAAL as a percentage of covered payroll	(9.6%)	(18.0%)	(14.3%)

### Note 9 - Postemployment Benefits

The City provides health care benefits to all full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. Currently, 65 individuals are eligible. The City includes pre-Medicare retirees and their dependents in its insured health care plan, which generally requires employee contributions of 1.5 percent of earnings not in excess of the employee wage base. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

Expenditures for postemployment health care benefits are funded on an actuarial basis. The City's actual and required contribution for the year ended December 31, 2002 totaled \$1,722,464. At December 31, 2001, the date of the most recent actuarial report, assets available for postemployment health care benefits totaled \$13,873,444, including amounts held by the City of Farmington Hills Employees' Retirement System and the Postretirement Health Care Finance Fund. The actuarial accrued liability, determined using the individual entry age actuarial cost method, totaled \$25,480,199 and the unfunded actuarial accrued liability totaled \$11,606,755.

### Note 10 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for workers' compensation and medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.



# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 10 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority (MMRMA) risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the MMRMA that the MMRMA uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. The City has elected to participate in the MMRMA stop-loss program, which limits the paid losses to \$525,000 for the most recent plan year.

The City estimates the liability for claims that have been incurred through the end of the fiscal year that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2003	2002
Estimated liability - Beginning of year	\$ 739,000	\$ 713,000
Estimated claims incurred, including changes in estimates	459,964	247,860
Claim payments	(202,964)	(221,860)
Unpaid claims - End of year	<u>\$ 996,000</u>	<u>\$ 739,000</u>
Estimated liability for claims reported	\$ 74,000	\$ 101,000
Estimated liability for claims incurred but not reported	<u>922,000</u>	<u>638,000</u>
Total estimated liability	<u>\$ 996,000</u>	<u>\$ 739,000</u>

The estimated liability for claims incurred but not reported is included as a general long-term liability in the governmental activities.

### Note 11 - Joint Ventures

The City participates in the Michigan 47th District Court Administration Fund with the City of Farmington and in the Southwest Oakland Cable Commission source with the cities of Farmington and Novi. The City provides approximately 87 percent of the funding for the Michigan 47th District Court Administration Fund. The Southwest Oakland Cable Commission currently does not receive a subsidy from the City.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 11 - Joint Ventures (Continued)

During the years ended June 30, 2002 and 2001, the City advanced a total of \$2,218,226 to the Southwest Oakland Cable Commission for the acquisition of equipment and improvements to a new facility to be used in its operation. As of June 30, 2003, the total receivable is \$2,122,421. The advances will be repaid to the City in annual installments of approximately \$246,000, including interest at 7 percent, through 2017. Fund balance in the General Fund has been reserved for the advance since these amounts are not available for use to finance operations as of year end.

In addition, the City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter Township of Lyon. The joint venture receives its operating revenue from member contributions and miscellaneous income.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments of any of the above joint ventures in the near future.

Complete financial statements for the 47th District Court Administration Fund, Southwest Oakland Cable Commission, and Resource Recovery and Recycling Authority of Southwest Oakland County can be obtained from the administrative offices at 31555 Eleven Mile Road, Farmington Hills, MI 48336.

### Note 12 - Designated Fund Balance

The following is a summary of the unreserved fund balances of the major governmental funds with management's designations:

Designated for	General Fund	Major Road Fund	Local Road Fund	Capital Improvement Fund	Special Assessments Debt Service Fund	SAD Capital Projects Fund
Subsequent year's expenditures	\$ 329,015	\$ 839,683	\$ 442,868	\$ 1,337,173	\$ -	\$ -
Land acquisition, capital improvements, road construction, and drains	5,739,350	1,847,377	819,902	-	-	110,739
Debt service	-	-	-	-	4,988,108	-
Other	1,800,000	-	-	-	-	-
Total	<u>\$ 7,868,365</u>	<u>\$ 2,687,060</u>	<u>\$ 1,262,770</u>	<u>\$ 1,337,173</u>	<u>\$ 4,988,108</u>	<u>\$ 110,739</u>

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2003

### Note 13 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	\$ 4,215,769	\$ -
Long-term receivables	560,000	-
Grant payments received prior to meeting all eligibilty requirements and other	<u>-</u>	<u>83,226</u>
Total	<u>\$ 4,775,769</u>	<u>\$ 83,226</u>

## **Required Supplemental Information**

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# City of Farmington Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 26,908,400	\$ 26,935,000	\$ 27,061,927	\$ 126,927
Intergovernmental revenue:				
Federal sources	-	-	2,936	2,936
State sources	8,454,431	7,630,896	8,052,396	421,500
Other	154,793	187,793	154,823	(32,970)
Fines and forfeitures	2,106,925	2,073,000	2,087,250	14,250
Charges for services	6,227,799	6,823,436	6,835,109	11,673
Interest income	950,000	650,000	789,978	139,978
Miscellaneous	215,000	221,000	314,990	93,990
Total revenue	45,017,348	44,521,125	45,299,409	778,284
<b>Other Financing Sources - Transfers in</b>	832,868	832,868	832,868	-
Total revenue and other financing sources	45,850,216	45,353,993	46,132,277	778,284
<b>Expenditures</b>				
General government:				
City council	110,273	110,273	100,846	9,427
Public information	264,259	271,660	268,960	2,700
Boards and commissions	6,320,105	5,935,836	6,091,922	(156,086)
City administration	627,199	643,919	634,047	9,872
Finance department	1,360,791	1,400,766	1,368,016	32,750
Assessing	784,552	807,614	735,297	72,317
Corporation counsel	470,488	462,488	515,184	(52,696)
Central services	790,932	748,813	712,017	36,796
City clerk	730,582	705,510	685,440	20,070
Support services	1,520,884	1,394,989	1,400,065	(5,076)
Human resources	328,352	371,502	346,406	25,096
Total general government	13,308,417	12,853,370	12,858,200	(4,830)
Public safety:				
Police	14,435,122	14,419,237	14,730,340	(311,103)
Fire	4,148,114	4,348,961	4,511,688	(162,727)
Total public safety	18,583,236	18,768,198	19,242,028	(473,830)
Public works:				
Administration	718,021	388,089	374,648	13,441
Road maintenance	2,004,528	1,973,061	1,937,324	35,737
Building maintenance	479,890	611,303	465,706	145,597
Engineering	1,831,521	1,890,693	1,978,977	(88,284)
Maintenance facility	1,112,818	1,153,474	1,045,997	107,477
General refuse removal	3,201,018	3,193,538	3,188,120	5,418
Public service reimbursement from road funds	(2,214,500)	(2,214,500)	(2,327,127)	112,627
Total public works	7,133,296	6,995,658	6,663,645	332,013

# City of Farmington Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Community and economic development	\$ 2,303,121	\$ 1,980,495	\$ 1,975,552	\$ 4,943
Parks and recreation	4,516,146	5,335,272	5,332,284	2,988
Total expenditures	45,844,216	45,932,993	46,071,709	(138,716)
<b>Other Uses - Transfers out</b>	906,000	2,921,980	2,921,980	-
Total expenditures and other uses	46,750,216	48,854,973	48,993,689	(138,716)
<b>Excess of Expenditures and Other Uses Over Revenues and Other Financing Sources</b>	(900,000)	(3,500,980)	(2,861,412)	639,568
<b>Fund Balances - July 1, 2002</b>	18,945,593	18,945,593	18,945,593	-
<b>Fund Balances - June 30, 2003</b>	<b>\$ 18,045,593</b>	<b>\$ 15,444,613</b>	<b>\$ 16,084,181</b>	<b>\$ 639,568</b>

# City of Farmington Hills, Michigan

	Local Road Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-
State sources	1,343,800	1,296,000	1,352,118	56,118
Interest income	15,000	8,000	11,851	3,851
Miscellaneous revenue	-	1,052	7,464	6,412
Total revenue	1,358,800	1,305,052	1,371,433	66,381
<b>Expenditures</b>				
Public works	5,107,025	3,436,429	2,877,535	558,894
Capital outlay	-	-	-	-
Total expenditures	5,107,025	3,436,429	2,877,535	558,894
<b>Excess of Revenue Over (Under)</b>				
Expenditures	(3,748,225)	(2,131,377)	(1,506,102)	625,275
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,382,200	1,731,328	1,630,510	(100,818)
Transfers out	-	-	-	-
Total other financing sources (uses)	3,382,200	1,731,328	1,630,510	(100,818)
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	(366,025)	(400,049)	124,408	524,457
<b>Fund Balances - July 1, 2002</b>	1,138,362	1,138,362	1,138,362	-
<b>Fund Balances - June 30, 2003</b>	<u>\$ 772,337</u>	<u>\$ 738,313</u>	<u>\$ 1,262,770</u>	<u>\$ 524,457</u>

**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Major Special Revenue Funds**  
**Year Ended June 30, 2003**

Major Road Fund				Capital Improvement Fund			
Original Budget	Amended Budget	Actual	Variance with Amended Budget	Original Budget	Amended Budget	Actual	Variance with Amended Budget
\$ -	\$ -	\$ -	\$ -	\$ 2,408,000	\$ 2,408,000	\$ 2,638,097	\$ 230,097
229,000	296,631	162,839	(133,792)	-	-	-	-
3,927,400	3,822,400	4,082,146	259,746	-	1,477,722	1,846,703	368,981
60,000	22,000	18,171	(3,829)	110,000	60,000	78,443	18,443
-	-	3,500	3,500	-	84,200	131,502	47,302
4,216,400	4,141,031	4,266,656	125,625	2,518,000	4,029,922	4,694,745	664,823
5,107,025	6,392,351	4,351,346	2,041,005	-	-	-	-
-	-	-	-	10,896,300	11,179,933	9,687,187	1,492,746
5,107,025	6,392,351	4,351,346	2,041,005	10,896,300	11,179,933	9,687,187	1,492,746
(890,625)	(2,251,320)	(84,690)	2,166,630	(8,378,300)	(7,150,011)	(4,992,442)	2,157,569
2,484,025	2,563,477	2,054,598	(508,879)	6,480,000	6,650,034	1,125,680	(5,524,354)
(1,116,225)	(1,116,225)	(1,132,603)	(16,378)	(794,000)	(1,142,800)	(703,551)	439,249
1,367,800	1,447,252	921,995	(525,257)	5,686,000	5,507,234	422,129	(5,085,105)
477,175	(804,068)	837,305	1,641,373	(2,692,300)	(1,642,777)	(4,570,313)	(2,927,536)
1,849,755	1,849,755	1,849,755	-	5,907,486	5,907,486	5,907,486	-
<b>\$ 2,326,930</b>	<b>\$ 1,045,687</b>	<b>\$ 2,687,060</b>	<b>\$ 1,641,373</b>	<b>\$ 3,215,186</b>	<b>\$ 4,264,709</b>	<b>\$ 1,337,173</b>	<b>\$ (2,927,536)</b>



## **Other Supplemental Information**

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# City of Farmington Hills, Michigan

Special Revenue

	Public Safety	Community Development Block Grant	Revolving Special Assessment	Nutrition Grant	Local Law Block Grant	Police Forfeiture
<b>Assets</b>						
Cash and cash equivalents	\$ 685,736	\$ 23,172	\$ 4,687,167	\$ 108,986	\$ -	\$ 288,147
Receivables:						
Accrued interest and other	-	-	-	-	-	73
Other governmental units	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	2,005
Total assets	<u>\$ 685,736</u>	<u>\$ 23,172</u>	<u>\$ 4,687,167</u>	<u>\$ 108,986</u>	<u>\$ -</u>	<u>\$ 290,225</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 228	\$ -	\$ 51,576
Due to other funds	489,811	8,609	162,035	90,095	-	-
Deferred revenue	-	14,563	-	18,663	-	-
Total liabilities	489,811	23,172	162,035	108,986	-	51,576
<b>Fund Balances - Unreserved</b>						
Designated for subsequent years expenditures	195,925	-	-	-	-	10,055
Designated for capital improvements	-	-	4,525,132	-	-	-
Designated for public safety	-	-	-	-	-	228,594
Designated for debt service	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-
Total fund balances	<u>195,925</u>	<u>-</u>	<u>4,525,132</u>	<u>-</u>	<u>-</u>	<u>238,649</u>
Total liabilities and fund balances	<u>\$ 685,736</u>	<u>\$ 23,172</u>	<u>\$ 4,687,167</u>	<u>\$ 108,986</u>	<u>\$ -</u>	<u>\$ 290,225</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003**

Funds			Debt Service Funds				Total Nonmajor Governmental Funds
Parks and Recreataion Special Millage	Golf Course Capital Improvement	Deferred Special Assessment	Building Authority	Act 175 Debt - 1990 Issue	Act 175 Debt - 1992 Issue	General Debt Service	
\$ 1,217,157	\$ 165,747	\$ 46,004	\$ 1,070,612	\$ 30,386	\$ 37,754	\$ 274,012	\$ 8,634,880
-	-	-	332	-	-	-	405
50,000	-	-	-	-	-	-	50,000
-	17,631	-	-	-	-	-	19,636
<b><u>\$ 1,267,157</u></b>	<b><u>\$ 183,378</u></b>	<b><u>\$ 46,004</u></b>	<b><u>\$ 1,070,944</u></b>	<b><u>\$ 30,386</u></b>	<b><u>\$ 37,754</u></b>	<b><u>\$ 274,012</u></b>	<b><u>\$ 8,704,921</u></b>
\$ 5,457	\$ 7,769	\$ -	\$ 372,951	\$ -	\$ -	\$ -	\$ 437,981
-	-	-	280,000	-	-	-	1,030,550
50,000	-	-	-	-	-	-	83,226
55,457	7,769	-	652,951	-	-	-	1,551,757
1,068,780	-	-	-	-	-	-	1,274,760
142,920	175,609	-	-	-	-	-	4,843,661
-	-	-	-	-	-	-	228,594
-	-	-	417,993	30,386	37,754	274,012	760,145
-	-	46,004	-	-	-	-	46,004
1,211,700	175,609	46,004	417,993	30,386	37,754	274,012	7,153,164
<b><u>\$ 1,267,157</u></b>	<b><u>\$ 183,378</u></b>	<b><u>\$ 46,004</u></b>	<b><u>\$ 1,070,944</u></b>	<b><u>\$ 30,386</u></b>	<b><u>\$ 37,754</u></b>	<b><u>\$ 274,012</u></b>	<b><u>\$ 8,704,921</u></b>

# City of Farmington Hills, Michigan

	Special Revenue					
	Public Safety	Community Development Block Grant	Revolving Special Assessment	Nutrition Grant	Local Law Block Grant	Police Forfeiture
<b>Revenue</b>						
Property taxes	\$ 3,609,855	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	15,570	201,198	-	277,629	49,447	48,545
State sources	-	-	-	-	-	-
Interest income	28,169	-	70,307	792	144	3,922
Other	-	104,654	1,882	120,640	-	274,737
Total revenue	3,653,594	305,852	72,189	399,061	49,591	327,204
<b>Expenditures</b>						
Current:						
Public safety	3,735,213	-	-	-	56,097	159,023
Recreation and culture	-	-	-	399,061	-	-
Community and economic development	-	269,589	5,846	-	-	-
Capital outlay	-	-	-	-	-	150,714
Debt service	-	-	-	-	-	-
Total expenditures	3,735,213	269,589	5,846	399,061	56,097	309,737
<b>Excess of Revenue Over (Under)</b>						
Expenditures	(81,619)	36,263	66,343	-	(6,506)	17,467
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	4,651	-
Transfers out	-	(36,263)	(159,835)	-	-	(4,651)
Proceeds from long-term debt	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	-	(36,263)	(159,835)	-	4,651	(4,651)
<b>Excess of Revenue and Other Financing Sources Over (Under)</b>						
Expenditures and Other Uses	(81,619)	-	(93,492)	-	(1,855)	12,816
<b>Fund Balances - Beginning of year</b>	277,544	-	4,618,624	-	1,855	225,833
<b>Fund Balances - End of year</b>	<u>\$ 195,925</u>	<u>\$ -</u>	<u>\$ 4,525,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,649</u>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2003**

Funds				Debt Service Funds			Total Nonmajor Governmental Funds
Parks and Recreataion Special Millage	Golf Course Capital Improvement	Deferred Special Assessment	Building Authority	Act 175 Debt - 1990 Issue	Act 175 Debt - 1992 Issue	General Debt Service	
\$ 1,804,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,998,955	\$ 8,412,929
-	-	-	-	-	-	-	592,389
211,100	-	-	-	-	-	-	211,100
19,429	1,992	540	32,991	549	699	20,363	179,897
24,878	42,370	-	30,612	-	-	166,742	766,515
2,059,526	44,362	540	63,603	549	699	3,186,060	10,162,830
-	-	-	-	-	-	-	3,950,333
124,239	250	-	-	-	-	-	523,550
-	-	120	-	-	-	-	275,555
453,267	23,626	-	5,617,623	-	-	-	6,245,230
-	-	-	1,522,042	243,495	326,220	1,396,759	3,488,516
577,506	23,876	120	7,139,665	243,495	326,220	1,396,759	14,483,184
1,482,020	20,486	420	(7,076,062)	(242,946)	(325,521)	1,789,301	(4,320,354)
3,450,000	-	-	2,862,358	243,000	325,725	309,200	7,194,934
(4,308,668)	-	-	-	-	-	(2,090,767)	(6,600,184)
-	-	-	-	-	-	2,897,836	2,897,836
-	-	-	-	-	-	(2,897,836)	(2,897,836)
(858,668)	-	-	2,862,358	243,000	325,725	(1,781,567)	594,750
623,352	20,486	420	(4,213,704)	54	204	7,734	(3,725,604)
588,348	155,123	45,584	4,631,697	30,332	37,550	266,278	10,878,768
<b>\$ 1,211,700</b>	<b>\$ 175,609</b>	<b>\$ 46,004</b>	<b>\$ 417,993</b>	<b>\$ 30,386</b>	<b>\$ 37,754</b>	<b>\$ 274,012</b>	<b>\$ 7,153,164</b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Major Debt Service Fund Special Assessments Debt Service Fund Year Ended June 30, 2003

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Interest income	\$ 250,000	\$ 247,969	\$ (2,031)
Special assessments	<u>1,168,683</u>	<u>705,338</u>	<u>(463,345)</u>
Total revenue	1,418,683	953,307	(465,376)
<b>Expenditures</b>			
General government	-	14,163	(14,163)
Capital outlay	100,000	-	100,000
Debt principal payments	1,050,000	1,050,004	(4)
Interest and fiscal charges	<u>268,683</u>	<u>268,393</u>	<u>290</u>
Total expenditures	<u>1,418,683</u>	<u>1,332,560</u>	<u>86,123</u>
<b>Excess of Expenditures Over Revenue</b>	-	(379,253)	(379,253)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	308,400	308,400
Transfers out	-	(537)	(537)
Proceeds from long-term debt	<u>-</u>	<u>34,000</u>	<u>34,000</u>
Total other financing sources (uses)	<u>-</u>	<u>341,863</u>	<u>341,863</u>
<b>Excess of Expenditures and Other Uses Over Revenue and Other Financing Sources</b>	-	(37,390)	(37,390)
<b>Fund Balances - July 1, 2002</b>	<u>5,025,500</u>	<u>5,025,500</u>	<u>-</u>
<b>Fund Balances - June 30, 2003</b>	<u><u>\$ 5,025,500</u></u>	<u><u>\$ 4,988,110</u></u>	<u><u>\$ (37,390)</u></u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended June 30, 2003

### **Special Revenue Fund - Public Safety**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Property taxes	\$ 3,645,000	\$ 3,609,855	\$ (35,145)
Federal sources	15,570	15,570	-
Interest income	40,000	28,169	(11,831)
Total revenues	3,700,570	3,653,594	(46,976)
<b>Expenditures - Public safety</b>	3,735,213	3,735,213	-
<b>Excess of Expenditures Over Revenue</b>	(34,643)	(81,619)	(46,976)
<b>Fund Balance - July 1, 2002</b>	277,544	277,544	-
<b>Fund Balance - June 30, 2003</b>	<u>\$ 242,901</u>	<u>\$ 195,925</u>	<u>\$ (46,976)</u>

### **Special Revenue Fund - Community Development Block Grant**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Federal sources	\$ 684,810	\$ 201,198	\$ (483,612)
Miscellaneous revenue	100,000	104,654	4,654
Total revenue	784,810	305,852	(478,958)
<b>Expenditures - Community development and other</b>	280,000	269,589	10,411
<b>Excess of Revenues Over Expenditures</b>	504,810	36,263	(468,547)
<b>Other Financing Uses - Transfers out</b>	(504,810)	(36,263)	468,547
<b>Excess of Revenues Over Expenditures and Other Uses</b>	-	-	-
<b>Fund Balance - July 1, 2002</b>	-	-	-
<b>Fund Balance - June 30, 2003</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### Special Revenue Fund - Revolving Special Assessment

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Interest income	\$ 80,000	\$ 70,307	\$ (9,693)
Miscellaneous revenue	-	1,882	1,882
Total revenue	80,000	72,189	(7,811)
<b>Expenditures</b> - Community development and other	75,890	5,846	70,044
<b>Excess of Revenue Over Expenditures</b>	4,110	66,343	62,233
<b>Other Uses</b> - Transfers out	(232,453)	(159,835)	72,618
<b>Excess of Expenditures and Other Uses Over Revenue</b>	(228,343)	(93,492)	134,851
<b>Fund Balances</b> - July 1, 2002	4,618,624	4,618,624	-
<b>Fund Balances</b> - June 30, 2003	<u>\$ 4,390,281</u>	<u>\$ 4,525,132</u>	<u>\$ 134,851</u>

### Special Revenue Fund - Nutrition Grant

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Federal sources	\$ 232,020	\$ 277,629	\$ 45,609
Miscellaneous revenue	109,736	120,640	10,904
Interest income	1,800	792	(1,008)
Total revenues	343,556	399,061	55,505
<b>Expenditures</b> - Recreation and culture	343,556	399,061	(55,505)
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Fund Balance</b> - July 1, 2002	-	-	-
<b>Fund Balance</b> - June 30, 2003	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### **Special Revenue Fund - Local Law Block Grant**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Federal sources	\$ 49,447	\$ 49,447	\$ -
Interest income	138	144	6
Total revenues	49,585	49,591	6
<b>Expenditures - Public safety</b>	56,091	56,097	(6)
<b>Excess of Expenditures Over Revenues</b>	(6,506)	(6,506)	-
<b>Other Financing Sources - Operating transfers in</b>	4,651	4,651	-
<b>Excess of Expenditures Over Revenues and Other Financing Sources</b>	(1,855)	(1,855)	-
<b>Fund Balance - July 1, 2002</b>	1,855	1,855	-
<b>Fund Balance - June 30, 2003</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### **Special Revenue Fund - Police Forfeiture**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Federal sources	\$ 40,000	\$ 48,545	\$ 8,545
Miscellaneous revenue	300,000	274,737	(25,263)
Interest income	5,000	3,922	(1,078)
Total revenues	345,000	327,204	(17,796)
<b>Expenditures</b>			
Public safety	207,866	159,023	48,843
Capital outlay	179,800	150,714	29,086
Total expenditures	387,666	309,737	77,929
<b>Excess of Revenues Over (Under) Expenditures</b>	(42,666)	17,467	60,133
<b>Other Uses - Transfers out</b>	(4,651)	(4,651)	-
<b>Excess of Revenues Over (Under) Expenditures and Other Uses</b>	(47,317)	12,816	60,133
<b>Fund Balances - July 1, 2002</b>	225,833	225,833	-
<b>Fund Balances - June 30, 2003</b>	<u>\$ 178,516</u>	<u>\$ 238,649</u>	<u>\$ 60,133</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### Special Revenue Fund - Parks and Recreation Special Millage

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Property taxes	\$ 1,800,000	\$ 1,804,119	\$ 4,119
State sources	261,100	211,100	(50,000)
Miscellaneous revenue	35,000	24,878	(10,122)
Interest income	15,000	19,429	4,429
Total revenues	2,111,100	2,059,526	(51,574)
<b>Expenditures</b>			
Recreation and culture	122,940	124,239	(1,299)
Capital outlay	404,800	453,267	(48,467)
Total expenditures	527,740	577,506	(49,766)
<b>Excess of Revenue Over Expenditures</b>	1,583,360	1,482,020	(101,340)
<b>Other Financing Sources (Uses)</b>			
Transfers in	3,450,000	3,450,000	-
Transfers out	(4,308,668)	(4,308,668)	-
Total other financing sources (uses)	(858,668)	(858,668)	-
<b>Excess of Revenue and Other Financing Sources Over Expenditures and Other Uses</b>	724,692	623,352	(101,340)
<b>Fund Balances - July 1, 2002</b>	588,348	588,348	-
<b>Fund Balances - June 30, 2003</b>	<u>\$ 1,313,040</u>	<u>\$ 1,211,700</u>	<u>\$ (101,340)</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### **Special Revenue Fund - Golf Course Capital Improvement**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Miscellaneous revenue	\$ 44,206	\$ 42,370	\$ (1,836)
Interest income	2,500	1,992	(508)
Total revenues	46,706	44,362	(2,344)
<b>Expenditures</b>			
Capital outlay	19,200	23,626	(4,426)
Recreation and culture	250	250	-
Total expenditures	19,450	23,876	(4,426)
<b>Excess of Revenues Over Expenditures</b>	27,256	20,486	(6,770)
<b>Fund Balances - July 1, 2002</b>	155,123	155,123	-
<b>Fund Balances - June 30, 2003</b>	<u>\$ 182,379</u>	<u>\$ 175,609</u>	<u>\$ (6,770)</u>

### **Special Revenue Fund - Deferred Special Assessment**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues - Interest income</b>	\$ 600	\$ 540	\$ (60)
<b>Expenditures - Community and economic development</b>	120	120	-
<b>Excess of Revenues Over Expenditures</b>	480	420	(60)
<b>Fund Balances - July 1, 2002</b>	45,584	45,584	-
<b>Fund Balances - June 30, 2003</b>	<u>\$ 46,064</u>	<u>\$ 46,004</u>	<u>\$ (60)</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### **Debt Service Fund - Building Authority**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Interest income	\$ 31,000	\$ 32,991	\$ 1,991
Miscellaneous revenue	42,327	30,612	(11,715)
Total revenues	73,327	63,603	(9,724)
<b>Expenditures</b>			
Capital outlay	5,829,340	5,617,623	211,717
Debt principal payments	864,540	864,540	-
Interest and fiscal charges	658,262	657,502	760
Total expenditures	7,352,142	7,139,665	212,477
<b>Excess of Expenditures Over Revenues</b>	(7,278,815)	(7,076,062)	202,753
<b>Other Financing Sources</b> - Operating transfers in	2,863,118	2,862,358	(760)
<b>Excess of Expenditures Over Revenues and Other Financing Sources</b>	(4,415,697)	(4,213,704)	201,993
<b>Fund Balances</b> - July 1, 2002	4,631,697	4,631,697	-
<b>Fund Balances</b> - June 30, 2003	<u>\$ 216,000</u>	<u>\$ 417,993</u>	<u>\$ 201,993</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### **Debt Service Fund - Act 175 Debt 1990 Issue**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Interest income	\$ 650	\$ 549	\$ (101)
<b>Expenditures</b>			
Debt principal payments	200,000	200,000	-
Interest and fiscal charges	43,495	43,495	-
Total expenditures	243,495	243,495	-
<b>Excess of Expenditures Over Revenues</b>	(242,845)	(242,946)	(101)
<b>Other Financing Sources</b> - Transfers in	243,000	243,000	-
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	155	54	(101)
<b>Fund Balance</b> - July 1, 2002	30,332	30,332	-
<b>Fund Balance</b> - June 30, 2003	<u>\$ 30,487</u>	<u>\$ 30,386</u>	<u>\$ (101)</u>

### **Debt Service Fund - Act 175 Debt 1992 Issue**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Interest income	\$ 675	\$ 699	\$ 24
<b>Expenditures</b>			
Debt principal payments	250,000	250,000	-
Interest and fiscal charges	76,220	76,220	-
Total expenditures	326,220	326,220	-
<b>Excess of Expenditures Over Revenues</b>	(325,545)	(325,521)	24
<b>Other Financing Sources</b> - Transfers in	325,725	325,725	-
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	180	204	24
<b>Fund Balance</b> - July 1, 2002	37,550	37,550	-
<b>Fund Balance</b> - June 30, 2003	<u>\$ 37,730</u>	<u>\$ 37,754</u>	<u>\$ 24</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2003

### **Debt Service Fund - General Debt Service**

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>			
Property taxes	\$ 2,998,955	\$ 2,998,955	\$ -
Miscellaneous revenue	26,000	20,363	(5,637)
Other	<u>165,000</u>	<u>166,742</u>	<u>1,742</u>
Total revenues	3,189,955	3,186,060	(3,895)
<b>Expenditures</b>			
Debt principal payments	928,516	928,516	-
Interest and fiscal charges	<u>468,743</u>	<u>468,243</u>	<u>500</u>
Total expenditures	<u>1,397,259</u>	<u>1,396,759</u>	<u>500</u>
<b>Excess of Revenue Over Expenditures</b>	1,792,696	1,789,301	(3,395)
<b>Other Financing Sources (Uses)</b>			
Transfers in	309,200	309,200	-
Transfers out	<u>(2,091,527)</u>	<u>(2,090,767)</u>	<u>760</u>
Total other financing sources (uses)	<u>(1,782,327)</u>	<u>(1,781,567)</u>	<u>760</u>
<b>Excess of Revenue and Other Financing Sources Over Expenditures and Other Uses</b>	10,369	7,734	(2,635)
<b>Fund Balance - July 1, 2002</b>	<u>266,278</u>	<u>266,278</u>	<u>-</u>
<b>Fund Balance - June 30, 2003</b>	<u><b>\$ 276,647</b></u>	<u><b>\$ 274,012</b></u>	<u><b>\$ (2,635)</b></u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds

	Pension and Other Employee Benefit Trust Funds - December 31, 2002			Agency Funds - June 30, 2003		
	Employees' Retirement System	Post- Retirement Healthcare Finance Fund	Totals	Tax Account	Trust and Agency	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 261,973	\$ 6,495,039	\$ 6,757,012
Investments:						
Pooled funds	4,383,447	336,219	4,719,666	-	-	-
Mutual funds	-	1,693,130	1,693,130	-	-	-
U.S. government securities	7,024,505	-	7,024,505	-	-	-
U.S. mortgage-backed securities	8,516,776	-	8,516,776	-	-	-
Corporate bonds and securities	9,484,090	-	9,484,090	-	-	-
Common stocks	48,303,507	2,197,484	50,500,991	-	-	-
Other	169,500	-	169,500	-	-	-
Due from others	2,198	733	2,931	-	3,379	3,379
Accrued interest receivable	396,986	3,586	400,572	98	-	98
<b>Total assets</b>	<b>78,281,009</b>	<b>4,231,152</b>	<b>82,512,161</b>	<b>\$ 262,071</b>	<b>\$ 6,498,418</b>	<b>\$ 6,760,489</b>
<b>Liabilities</b>						
Performance bonds and deposits	-	-	-	\$ -	\$ 5,202,165	\$ 5,202,165
Due to other governmental units	-	-	-	262,071	1,296,253	1,558,324
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 262,071</b>	<b>\$ 6,498,418</b>	<b>\$ 6,760,489</b>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<b>\$ 78,281,009</b>	<b>\$ 4,231,152</b>	<b>\$ 82,512,161</b>			



# City of Farmington Hills, Michigan

## Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended December 31, 2002

	Employees' Retirement System	Post- Retirement Health Care Finance Fund	Total
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 2,452,405	\$ 23,597	\$ 2,476,002
Net decrease in fair value of investments	(12,365,797)	(388,771)	(12,754,568)
Net investment income (loss)	(9,913,392)	(365,174)	(10,278,566)
Contributions:			
Employer	1,696,924	1,722,464	3,419,388
Employee	938,179	316,344	1,254,523
Total contributions	2,635,103	2,038,808	4,673,911
<b>Deductions</b>			
Pension insurance premium payments	2,104,691	-	2,104,691
Contributions returned to employees	340,708	-	340,708
Total deductions	2,445,399	-	2,445,399
<b>Net Increase (Decrease) in Plan Net Assets</b>	(9,723,688)	1,673,634	(8,050,054)
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>			
Beginning of year	88,004,697	2,557,518	90,562,215
End of year	<u>\$ 78,281,009</u>	<u>\$ 4,231,152</u>	<u>\$ 82,512,161</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>General Obligation Debt</b>					
Police Station					
Date of issue - May 1, 1993					
Amount of issue - \$2,145,000					
	5.000	11/01/02	\$ 240,000	\$ -	\$ 240,000
	5.150	11/01/03	250,000	250,000	250,000
	5.300	11/01/04	265,000	265,000	265,000
			Total	<u>\$ 515,000</u>	<u>\$ 755,000</u>
William M. Costick Activities Center					
Date of issue - February 1, 1994					
Amount of issue - \$4,000,000					
	4.000	11/01/02	\$ 275,000	\$ -	\$ 275,000
	4.000	11/01/03	300,000	300,000	300,000
	3.600	11/01/04	325,000	325,000	325,000
	2.000	11/01/05	225,000	225,000	225,000
			Total	<u>\$ 850,000</u>	<u>\$ 1,125,000</u>
Fire Station #2 Renovation					
Date of issue - December 1, 1993					
Amount of issue - \$1,100,000					
	4.750	10/01/02	\$ 75,000	\$ -	\$ 75,000
	4.850	10/01/03	75,000	75,000	75,000
	4.950	10/01/04	100,000	100,000	100,000
	5.000	10/01/05-08	100,000	400,000	400,000
			Total	<u>\$ 575,000</u>	<u>\$ 650,000</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>General Obligation Debt</b> (Continued)					
DPW Expansion					
Date of issue - April 1, 1996					
Amount of issue - \$3,000,000					
	7.500	11/01/02	\$ 100,000	\$ -	\$ 100,000
	4.800	11/01/03	100,000	100,000	100,000
	4.900	11/01/04	100,000	100,000	100,000
	5.000	11/01/05-06	125,000	250,000	250,000
	5.100	11/01/07*	150,000	150,000	150,000
	5.250	11/01/08*	150,000	150,000	150,000
	5.400	11/01/09*	150,000	150,000	150,000
	5.500	11/01/10*	150,000	150,000	150,000
	5.500	11/01/11-12*	175,000	350,000	350,000
	5.250	11/01/13-17*	200,000	1,000,000	1,000,000
		Total		\$ 2,400,000	\$ 2,500,000

\* Subject to redemption prior to maturity

### State of Michigan Highway Loan Program

#### Michigan Transportation Fund Bonds

Date of issue - August 1, 1990

Amount of issue - \$2,250,000

6.800	10/01/02	\$ 200,000	\$ -	\$ 200,000
6.850	10/01/03	200,000	200,000	200,000
5.500	10/01/04-05	200,000	400,000	400,000
	Total		<u>\$ 600,000</u>	<u>\$ 800,000</u>

#### Michigan Transportation Fund Bonds

Date of issue - August 18, 1992

Amount of issue - \$3,150,000

5.100	10/01/02-05	\$ 250,000	\$ 750,000	\$ 1,000,000
5.100	10/01/06-07	300,000	600,000	600,000
	Total		<u>\$ 1,350,000</u>	<u>\$ 1,600,000</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>General Obligation Debt</b> (Continued)					
Building Authority Bonds, District Court Building					
Date of issue - September, 2001					
Amount of issue - \$11,000,000					
	4.000	09/01/02	\$ 200,000	\$ -	\$ 200,000
	3.000	09/01/03	300,000	300,000	300,000
	3.375	09/01/04	300,000	300,000	300,000
	3.875	09/01/05	300,000	300,000	300,000
	4.000	09/01/06	400,000	400,000	400,000
	4.150	09/01/07	400,000	400,000	400,000
	4.200	09/01/08	400,000	400,000	400,000
	4.250	09/01/09	500,000	500,000	500,000
	4.375	09/01/10	500,000	500,000	500,000
	4.200	09/01/11	500,000	500,000	500,000
	4.300	09/01/12	600,000	600,000	600,000
	4.400	09/01/13	700,000	700,000	700,000
	4.500	09/01/14	700,000	700,000	700,000
	4.600	09/01/15	700,000	700,000	700,000
	4.700	09/01/16	800,000	800,000	800,000
	4.750	09/01/17	800,000	800,000	800,000
	4.800	09/01/18	900,000	900,000	900,000
	5.000	09/01/19	1,000,000	1,000,000	1,000,000
	5.000	09/01/20	1,000,000	1,000,000	1,000,000
Total				<b>\$ 10,800,000</b>	<b>\$ 11,000,000</b>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>County Contractual Obligations</b>					
Minnow Pond Drainage District Refunding Bonds					
Date of issue - November 1, 2001					
Amount of issue - \$6,524,348					
	4.000	05/01/03	\$ 486,166	\$ -	\$ 486,166
	4.100	05/01/04	568,814	568,814	568,814
	4.100	05/01/05	573,676	573,676	573,676
	4.125	05/01/06	573,676	573,676	573,676
	4.125	05/01/07	666,047	666,047	666,047
	4.250	05/01/08	758,419	758,419	758,419
	4.250	05/01/09	753,557	753,557	753,557
	4.500	05/01/10	787,589	787,589	787,589
	4.500	05/01/11	807,036	807,036	807,036
		Total		<u>\$ 5,488,814</u>	<u>\$ 5,974,980</u>
Caddell Drain					
Date of issue - March 1, 1991					
Amount of issue - \$2,141,142					
	6.600	11/01/02	\$ 188,598	\$ -	\$ 188,598
	6.700	11/01/03	140,524	140,524	140,524
		Total		<u>\$ 140,524</u>	<u>\$ 329,122</u>
Caddell Drain					
Date of issue - September 1, 1994					
Amount of issue - \$1,674,500					
	5.050	10/01/02	\$ 73,052	\$ -	\$ 73,052
	5.125	10/01/03	73,052	*	73,052
	5.125	10/01/04	91,315	*	91,315
	5.250	10/01/05	91,315	*	91,315
	5.500	10/01/06-07	109,607	*	219,214
	5.750	10/01/08	109,607	*	109,607
	5.875	10/01/09-11	109,607	*	328,821
	5.875	10/01/12-13	127,874	*	255,748
	5.875	10/01/14	127,603	*	127,603
		Total		<u>\$ -</u>	<u>\$ 1,369,727</u>

\* Bonds totaling \$1,296,675 were refunded in 2003

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>County Contractual Obligations (Continued)</b>					
Caddell Drain Refunding Bonds					
Date of issue - May 2003					
Amount of issue - \$1,388,991					
	5.125	11/01/03	\$ 88,251	\$ 88,251	\$ -
	5.125	11/01/04	107,436	107,436	-
	5.250	11/01/05	107,436	107,436	-
	5.500	11/01/06	126,621	126,621	-
	5.500	11/01/07	122,784	122,784	-
	5.750	11/01/08	118,947	118,947	-
	5.875	11/01/09	118,947	118,947	-
	5.875	11/01/10	115,110	115,110	-
	5.875	11/01/11	111,273	111,273	-
	5.875	11/01/12	126,621	126,621	-
	5.875	11/01/13	122,784	122,784	-
	5.875	11/01/14	122,781	122,781	-
		Total		<u>\$ 1,388,991</u>	<u>\$ -</u>

Date of issue - November 1, 1991

Amount of issue - \$3,198,390

6.800-6.700	05/01/02-03	\$ 180,700	\$ -	\$ 180,700
6.600-6.400	05/01/04	180,700	*	180,700
6.600-6.400	05/01/05-06	225,875	*	451,750
6.300-6.100	05/01/07	225,875	*	225,875
6.300-6.100	05/01/08	271,050	*	271,050
5.500	05/01/09	271,050	*	271,050
5.000	05/01/10-11	271,050	*	542,100
	Total		<u>\$ -</u>	<u>\$ 2,123,225</u>

\* Bonds totaling \$1,942,525 were refunded in 2003

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>County Contractual Obligations</b> (Continued)					
Pebble Creek Drainage District Refunding Bonds					
Date of issue - May 2003					
Amount of issue - \$1,508,845					
	6.400	11/01/04	\$ 158,113	\$ 158,113	\$ -
	6.500	11/01/05	194,253	194,253	-
	6.600	11/01/06	185,218	185,218	-
	6.700	11/01/07	180,700	180,700	-
	6.800	11/01/08	212,323	212,323	-
	5.500	11/01/09	198,770	198,770	-
	5.000	11/01/10	194,253	194,253	-
	5.000	11/01/11	185,215	185,215	-
		Total	\$ 1,508,845	\$ -	-

### Special Assessment Bonds

General long-term obligations:

Districts 208, 210, 214, 216, and 220 Public Improvements

Date of issue - February 1, 1989

Amount of issue - \$540,000

7.000	10/01/02*	\$ 50,000	\$ -	\$ 50,000
5.000	10/01/03*	50,000	50,000	50,000
	Total		<b>\$ 50,000</b>	<b>\$ 100,000</b>

\* Subject to redemption prior to maturity

Districts 224, 226, 227, 230, 233, and 234 Public Improvements

Date of issue - December 1, 1990

Amount of issue - \$630,000

6.550	10/01/02	\$ 30,000	\$ -	\$ 30,000
6.600	10/01/03	30,000	30,000	30,000
5.000	10/01/04	30,000	30,000	30,000
5.000	10/01/05	35,000	35,000	35,000
	Total		<b>\$ 95,000</b>	<b>\$ 125,000</b>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>Special Assessment Bonds (Continued)</b>					
General long-term obligations (Continued):					
Districts 235, 236, 237, 238, and 239 Public Improvements					
Date of issue - April 1, 1992					
Amount of issue - \$575,000					
	6.200	10/01/02	\$ 20,000	\$ -	\$ 20,000
	3.000	10/01/03-06	20,000	<u>80,000</u>	<u>80,000</u>
			Total	<u><b>\$ 80,000</b></u>	<u><b>\$ 100,000</b></u>
Districts 242, 245, 248, 249, 252, and 253 Public Improvements					
Date of issue - December 1, 1992					
Amount of issue - \$1,150,000					
	5.300	10/01/02	\$ 75,000	\$ -	\$ 75,000
	5.500	10/01/03	50,000	50,000	50,000
	5.700	10/01/04	50,000	50,000	50,000
	5.800	10/01/05	25,000	25,000	25,000
	5.900	10/01/06	25,000	<u>25,000</u>	<u>25,000</u>
			Total	<u><b>\$ 150,000</b></u>	<u><b>\$ 225,000</b></u>



# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>Special Assessment Bonds</b> (Continued)					
General long-term obligations (Continued):					
Districts 228, 229, 231, 254-262, and 265 Public Improvements					
Date of issue - August 1, 1994					
Amount of issue - \$1,885,000					
	5.050	10/01/02	\$ 175,000	\$ -	\$ 175,000
	5.150	10/01/03	175,000	175,000	175,000
	5.250	10/01/04	100,000	100,000	100,000
	5.400	10/01/05	75,000	75,000	75,000
	5.500	10/01/06	50,000	50,000	50,000
	5.600	10/01/07	50,000	50,000	50,000
	5.700	10/01/08	50,000	50,000	50,000
	5.800	10/01/09	50,000	50,000	50,000
	5.900	10/01/10	35,000	35,000	35,000
Total			\$ 585,000	\$ 760,000	

### Districts 246, 250, 263, 264, 266, 267, 268, 269, and 273 Public Improvements

Date of issue - April 1, 1996

Amount of issue - \$915,000

4.700	10/01/02	\$ 100,000	\$ -	\$ 100,000
4.800	10/01/03	100,000	100,000	100,000
4.900	10/01/04	75,000	75,000	75,000
5.000	10/01/05	50,000	50,000	50,000
5.100	10/01/06	50,000	50,000	50,000
5.200	10/01/07	25,000	25,000	25,000
5.300	10/01/08	25,000	25,000	25,000
5.400	10/01/09	15,000	15,000	15,000
Total			<u>\$ 340,000</u>	<u>\$ 440,000</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>Special Assessment Bonds (Continued)</b>					
General long-term obligations (Continued):					
Districts 270, 271, 274, 276, 277, 278, 279, 281, 283, and 284 Public Improvements					
Date of issue - November 1, 1997					
Amount of issue - \$2,155,000					
	4.000	10/01/02	\$ 200,000	\$ -	\$ 200,000
	4.100	10/01/03	200,000	200,000	200,000
	4.100	10/01/04	200,000	200,000	200,000
	4.100	10/01/05	200,000	200,000	200,000
	4.100	10/01/06	200,000	200,000	200,000
	4.100	10/01/07	150,000	150,000	150,000
	4.250	10/01/08	100,000	100,000	100,000
	4.350	10/01/09	55,000	55,000	55,000
	4.400	10/01/10	50,000	50,000	50,000
	4.500	10/01/11	25,000	25,000	25,000
	4.600	10/01/12	25,000	25,000	25,000
Total				<u>\$ 1,205,000</u>	<u>\$ 1,405,000</u>

### Districts 285, 286, 287, 289, and 294 Public Improvements

Date of issue - September 1, 1998

Amount of issue - \$2,860,000

	3.700	04/01/03	\$ 275,000	\$ -	\$ 275,000
	3.700	04/01/04	275,000	275,000	275,000
	3.750	04/01/05	275,000	275,000	275,000
	3.750	04/01/06	250,000	250,000	250,000
	3.750	04/01/07	250,000	250,000	250,000
	3.750	04/01/08	200,000	200,000	200,000
	3.750	04/01/09	200,000	200,000	200,000
	3.800	04/01/10	75,000	75,000	75,000
	3.800	04/01/11	75,000	75,000	75,000
	3.800	04/01/12	75,000	75,000	75,000
	3.800	04/01/13	75,000	75,000	75,000
Total				<u>\$ 1,750,000</u>	<u>\$ 2,025,000</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>Special Assessment Bonds</b> (Continued)					
General long-term obligations (Continued):					
District 292, 302, 303, 288, 291, 293, 295, 297, 290 and 300 Public Improvements					
Date of issue - September 1, 1999					
Amount of issue - \$1,490,000					
	4.250	10/01/02	\$ 125,000	\$ -	\$ 125,000
	4.400	10/01/03	125,000	125,000	125,000
	4.450	10/01/04	125,000	125,000	125,000
	4.550	10/01/05	140,000	140,000	140,000
	4.600	10/01/06	150,000	150,000	150,000
	4.750	10/01/07	100,000	100,000	100,000
	4.850	10/01/08	100,000	100,000	100,000
	5.000	10/01/09	100,000	100,000	100,000
	5.100	10/01/10	100,000	100,000	100,000
	5.200	10/01/11	75,000	75,000	75,000
	5.250	10/01/12	75,000	75,000	75,000
	5.300	10/01/13	25,000	25,000	25,000
		Total		\$ 1,115,000	\$ 1,240,000

### District 306, 307, 308, 309, 310, 311 Public Improvements

Date of issue - March 4, 2003

Amount of issue - \$1,585,000

2.000	10/01/03	\$ 170,000	\$ 170,000	\$ -
2.000	10/01/04	190,000	190,000	-
2.150	10/01/05	190,000	190,000	-
2.250	10/01/06	195,000	195,000	-
2.500	10/01/07	185,000	185,000	-
2.750	10/01/08	180,000	180,000	-
3.000	10/01/09	165,000	165,000	-
3.050	10/01/10	160,000	160,000	-
3.250	10/01/11	150,000	150,000	-
	Total		<u>\$ 1,585,000</u>	<u>\$ -</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>General Obligation Debt</b>					
Business-type activities					
1994 General Obligation Bonds - Ice Arena					
Date of issue - March 1, 1995					
Amount of issue - \$6,000,000					
	5.400	10/01/02	\$ 275,000	\$ -	\$ 275,000
	5.500	10/01/03	275,000	275,000	275,000
	5.600	10/01/04	300,000	300,000	300,000
	5.700	10/01/05	300,000	*	*
	5.800	10/01/06	325,000	*	*
	5.900	10/01/07	325,000	*	*
	5.950	10/01/08	325,000	*	*
	6.000	10/01/09	400,000	*	*
	6.100	10/01/10	400,000	*	*
	6.100	10/01/11	450,000	*	*
	6.125	10/01/12	450,000	*	*
	6.125	10/01/13-14	500,000	*	*
Total			\$ 575,000	\$ 850,000	

\* Bonds totaling \$3,950,000 were refunded in 1999

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>General Obligation Debt</b> (Continued)					
Business-type activities (Continued)					
1998 Refunding Bonds - Ice Arena					
Date of issue - December 3, 1998					
Amount of issue - \$4,495,000					
	3.700	10/01/02	\$ 40,000	\$ -	\$ 40,000
	3.800	10/01/03	45,000	45,000	45,000
	3.900	10/01/04	45,000	45,000	45,000
	3.950	10/01/05	345,000	345,000	345,000
	4.000	10/01/06	370,000	370,000	370,000
	4.000	10/01/07	365,000	365,000	365,000
	4.100	10/01/08	360,000	360,000	360,000
	4.150	10/01/09	430,000	430,000	430,000
	4.200	10/01/10	425,000	425,000	425,000
	4.250	10/01/11	465,000	465,000	465,000
	4.350	10/01/12	460,000	460,000	460,000
	4.400	10/01/13	500,000	500,000	500,000
	4.400	10/01/14	495,000	495,000	495,000
				4,305,000	4,345,000
Less unamortized discount on issuance and deferred charges				(373,750)	(406,250)
Total				<u>\$ 3,931,250</u>	<u>\$ 3,938,750</u>
<b>County Contractual Obligations</b>					
Water Supply System - Northwest Pressure District					
Date of issue - September 1, 1993					
Amount of issue - \$2,180,000					
	4.600	05/01/03	\$ 190,000	\$ -	\$ 190,000
	4.700	05/01/04	175,000	175,000	175,000
Total				<u>\$ 175,000</u>	<u>\$ 365,000</u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>County Contractual Obligations (Continued)</b>					
Evergreen-Farmington Sewage Disposal System (Interceptor)					
Date of issue - August 1, 1989					
Amount of issue - \$4,677,000					
	5.000	05/01/08	\$ 402,323	\$ 402,323	\$ 402,323
	5.000	05/01/09	452,612	<u>452,612</u>	<u>452,612</u>
		Total		<u><b>\$ 854,935</b></u>	<u><b>\$ 854,935</b></u>
Evergreen-Farmington Sewage Disposal System					
Date of issue - November 1, 1991					
Amount of issue - \$1,079,308					
	3.500	05/01/10	\$ 105,684	<u><b>\$ 105,684</b></u>	<u><b>\$ 105,684</b></u>
Evergreen-Farmington Sewage Farmington Hills - Southfield					
Segment I Refunding Bonds, Series 1997					
Date of issue - February 5, 1997					
Amount of issue - \$2,695,544					
	4.400	05/01/03	\$ 253,965	\$ -	\$ 253,965
	4.500	05/01/04	279,110	279,110	279,110
	4.600	05/01/05	294,197	294,197	294,197
	4.700	05/01/06	344,187	344,487	344,487
	4.750	05/01/07	349,516	<u>349,516</u>	<u>349,516</u>
		Total		<u><b>\$ 1,267,310</b></u>	<u><b>\$ 1,521,275</b></u>

# City of Farmington Hills, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>County Contractual Obligations</b> (Continued)					
Evergreen-Farmington Sewage Disposal System (Segments I & II)					
Date of issue - September 1, 1999					
Amount of issue - \$843,418					
	4.200	11/01/02	\$ 69,911	\$ -	\$ 69,911
	4.300	11/01/03	68,119	68,119	68,119
	4.400	11/01/04	66,326	66,326	66,326
	4.500	11/01/05	87,389	87,389	87,389
	4.600	11/01/06	85,597	85,597	85,597
	4.650	11/01/07	101,730	101,730	101,730
	4.750	11/01/08	105,315	105,315	105,315
	4.850	11/01/09	103,971	103,971	103,971
			Total	\$ 618,447	\$ 688,358

### Evergreen-Farmington Permanent Meter & Interceptor Rehabilitation Refunding Bonds

Date of issue - November 1, 2001

Amount of issue - \$590,392

3.050	05/01/03	\$ 66,558	\$ -	\$ 66,558
3.300	05/01/04	65,325	65,325	65,325
3.500	05/01/05	76,418	76,418	76,418
3.600	05/01/06	73,953	73,953	73,953
3.750	05/01/07	71,488	71,488	71,488
3.900	05/01/08	82,581	82,581	82,581
4.000	05/01/09	92,441	92,441	92,441
	Total		<u>\$ 462,206</u>	<u>\$ 528,764</u>

## **Statistical Section**

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# City of Farmington Hills, Michigan

## Revenues

Fiscal Year Ended June 30	Property Taxes (1)	Federal Grants	State Sources	Water Systems (2)	Charges for Services	Tap-in Fees (2)
1994	\$ 22,635,381	\$ 627,060	\$ 10,584,973	\$ 1,661,216	\$ 5,782,787	\$ 1,012,747
1995	23,821,444	748,421	9,292,514	2,176,198	5,349,901	1,419,471
1996	24,623,258	1,529,606	9,812,671	2,814,906	5,615,466	1,125,997
1997	28,483,200	935,564	10,401,464	2,177,654	5,030,906	1,027,780
1998	29,703,263	662,742	11,823,287	1,269,465	6,397,054	1,480,779
1999	31,487,090	1,127,869	11,717,919	3,615,060	7,221,332	1,734,434
2000	32,771,453	830,527	13,358,069	1,540,212	6,094,800	664,112
2001	34,198,849	741,673	13,941,350	719,373	6,626,030	1,044,636
2002	35,798,125	1,168,058	14,267,451	750,774	7,490,817	991,187
2003	38,112,953	758,164	15,544,463	-	8,240,186	-

## Expenditures

Fiscal Year Ended June 30	General Government	Public Safety	Public Services (3)	Highways and Streets (4)	Public Works	Recreation and Culture
1994	\$ 8,401,820	\$ 12,610,762	\$ 7,831,674	\$ 5,284,965	\$ -	\$ -
1995	8,511,238	12,925,346	8,094,933	5,877,527	-	-
1996	9,295,668	14,010,839	8,622,649	6,453,247	-	-
1997	9,701,117	14,941,909	8,971,457	5,040,667	-	-
1998	10,465,447	16,319,507	9,432,717	5,880,370	-	-
1999	11,470,314	17,325,222	9,458,932	6,611,884	-	-
2000	11,148,450	19,047,839	10,170,181	6,301,125	-	-
2001	11,651,062	19,935,804	11,861,140	6,264,490	-	-
2002	12,422,185	21,480,500	13,145,615	7,874,020	-	-
2003	12,937,292	23,192,361	-	-	13,892,526	5,855,834

(1) Includes penalty and interest on late payment of taxes.

(2) Beginning in 2003, water systems and tap-in fees revenue sources are now reported in the Water and Sewer Enterprise Fund. Change made as a result of the implementation of GASB Statement No. 34.

(3) Beginning in 2003, public services expenditures reported as public works and recreation and culture. Change made as a result of the implementation of GASB Statement No. 34.

(4) Beginning in 2003, highways and streets expenditures reported as public works. Change made as a result of the implementation of GASB Statement No. 34.

**General Revenues by Source and Expenditures by Function  
General, Special Revenue, Debt Service, and Capital Projects Funds  
Last Ten Fiscal Years**

Interest Income	Fines and Forfeitures	Other	Total Revenues by Source
\$ 1,925,688	\$ 965,731	\$ 1,833,023	\$ 47,028,606
3,189,758	1,817,248	1,219,797	49,034,752
3,535,423	1,911,716	1,947,434	52,916,477
3,888,916	1,886,217	1,529,493	55,361,194
3,993,313	2,092,790	1,610,943	59,033,636
4,055,599	2,096,252	1,960,825	65,016,380
4,851,178	2,297,572	2,171,412	64,579,335
5,568,544	2,093,481	2,408,698	67,342,634
2,638,159	2,226,312	2,125,297	67,456,180
1,383,409	2,087,250	1,378,793	67,505,218

Community and Economic Development	Capital Outlay	Debt Service	Total Expenditures by Function
\$ 1,735,274	\$ 5,890,891	\$ 7,651,265	\$ 49,406,651
1,598,630	5,231,643	6,998,489	49,237,806
1,983,187	5,038,355	6,446,354	51,850,299
2,046,767	6,920,294	6,944,417	54,566,628
2,165,878	10,082,095	5,572,933	59,918,947
2,560,646	4,231,730	7,071,760	58,730,488
6,349,168	3,813,633	6,451,084	63,281,480
982,594	5,630,709	5,593,173	61,918,972
793,490	12,020,235	5,309,774	73,045,819
2,251,107	15,985,143	4,806,913	78,921,176

# City of Farmington Hills, Michigan

## Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Levy (1)	Current Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1994	\$ 22,593,673	\$ 21,780,534	96.40	\$ 51,777	\$ 21,832,311	96.63
1995	23,644,019	23,125,945	97.81	47,420	23,173,365	98.01
1996	24,676,056	24,123,926	97.76	63,376	24,187,302	98.02
1997	28,591,841	28,113,056	98.33	48,895	28,161,951	98.50
1998	29,725,050	29,163,223	98.11	41,522	29,204,745	98.25
1999	31,195,930	30,632,027	98.19	59,106	30,691,133	98.38
2000	32,658,075	32,112,752	98.33	11,511	32,124,263	98.37
2001	33,894,509	33,300,139	98.25	8,984	33,309,123	98.27
2002	35,771,438	35,031,887	97.93	16,431	35,048,318	97.98
2003	37,737,279	36,903,184	97.79	18,324	36,921,508	97.83

(1) Does not include penalty and interest on late payment of taxes

# City of Farmington Hills, Michigan

## Property Tax Levies Last Ten Fiscal Years

Fiscal Year Ended June 30	City Tax (1)	School Tax (2)	County Tax	Community College Tax (3)	Intermediate School Tax	State Education Tax	Library	O.C.T.P.A.	Total
1994	\$ 22,593,673	\$ 84,812,202	\$ 12,332,568	\$ 2,678,286	\$ 5,307,391	\$ -	\$ -	\$ -	\$ 127,724,120
1995	23,644,019	40,959,149	12,798,587	2,274,878	5,507,945	15,519,709	-	-	100,704,287
1996	24,676,056	42,383,884	13,195,904	4,420,461	5,678,933	16,001,501	-	880,083	107,236,822
1997	28,591,841	40,290,720	13,518,601	4,486,262	5,937,511	16,730,942	-	920,202	110,476,079
1998	29,725,050	48,796,641	14,089,057	4,846,677	6,226,908	17,545,528	-	965,004	122,194,865
1999	31,195,930	50,244,128	14,290,283	5,066,620	6,508,640	18,413,731	1,841,373	1,012,755	128,573,460
2000	32,658,075	51,812,776	14,946,424	5,252,856	6,746,226	19,276,777	1,922,709	1,050,436	133,666,279
2001	33,894,509	52,165,252	15,497,846	5,389,911	6,919,566	20,006,880	1,986,535	1,078,889	136,939,388
2002	35,771,438	54,241,172	16,341,889	5,633,444	12,149,972	21,114,474	2,087,870	1,128,569	148,468,828
2003	37,737,279	55,815,450	17,175,057	5,958,330	12,634,592	22,150,407	2,173,324	2,215,041	155,859,480

(1) Does not include penalty or interest on late payment of taxes

(2) Includes the Clarenceville, Farmington, and Walled Lake School Districts

(3) Represents taxes levied for Oakland Community College and Schoolcraft College

# City of Farmington Hills, Michigan

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## Computation of Legal Debt Margin June 30, 2003

### Debt Limit

2002 State equalized valuation	\$ 4,258,718,000
Debt limit (10 percent of State equalized valuation) (1)	x <u>10.00</u>

Total debt limit	425,871,800
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### Debt Applicable to Debt Limit

Total bonded debt	\$ 40,562,006
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Less deductions allowed by law:

Special Assessment Bonds	6,955,000
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Michigan Transportation Bonds	<u>1,950,000</u>
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Total amount of debt applicable to debt limit	<u>31,657,006</u>
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<b>Legal Debt Margin</b>	<b><u><u>\$ 394,214,794</u></u></b>
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(1) Debt limit set forth in section 4a, Act 279 of 1909 and Act 202, P.A. 1943 as amended by Act 42 P.A. 1960

# City of Farmington Hills, Michigan

## Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Debt Service Requirements			Total General Expenditures (I)	Ratio of Debt Service to General Expenditures (Percent)
	Principal	Interest	Total		
1994	\$ 4,997,234	\$ 2,654,031	\$ 7,651,265	\$ 49,406,561	15.49
1995	4,347,317	2,651,172	6,998,489	49,237,806	14.21
1996	3,884,706	2,561,648	6,446,354	51,850,299	12.43
1997	4,531,262	2,413,155	6,944,417	54,566,628	12.73
1998	3,435,641	2,137,292	5,572,933	59,918,947	9.30
1999	4,931,758	2,140,002	7,071,760	58,730,488	12.04
2000	4,539,197	1,911,887	6,451,084	63,281,480	10.19
2001	3,848,329	1,744,844	5,593,173	61,918,972	9.03
2002	3,717,261	1,592,513	5,309,774	73,045,819	7.27
2003	3,293,056	1,513,857	4,806,913	78,921,176	6.09

(I) Includes General, Special Revenue, Debt Service, and Capital Projects Funds

# City of Farmington Hills, Michigan

## Assessed and Estimated Actual Valuation of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Percent of Market Value (1)
1994	\$ 2,309,489,200	\$ 196,784,450	\$ 2,506,273,650	50
1995 (2)	2,381,060,700	212,542,450	2,593,603,150	50
1996	2,451,887,950	227,770,900	2,679,658,850	50
1997	2,548,527,140	240,658,350	2,789,185,490	50
1998	2,675,076,610	250,772,650	2,925,849,260	50
1999	2,800,209,780	273,613,900	3,073,823,680	50
2000	2,918,655,750	298,238,050	3,216,893,800	50
2001	3,052,782,880	283,929,650	3,336,712,530	50
2002	3,217,293,440	296,210,250	3,513,503,690	50
2003	3,395,494,430	299,294,170	3,694,788,600	50

- (1) In accordance with the 1970 State of Michigan Constitution, the assessed value is calculated at 50 percent of true cash value.
- (2) In accordance with Proposal A, beginning in 1995, ad valorem taxes are based on taxable value, as opposed to State equalized value and increases are capped at inflation or 5 percent, whichever is lower subject to revaluation at the time of sale of the property.

# City of Farmington Hills, Michigan

	Fiscal Year				
	1994	1995	1996	1997	1998
<b>City of Farmington Hills</b>					
Operating	6.8765	7.0564	7.1654	7.2193	7.2193
Drains and capital	1.0078	0.4799	0.3954	0.3764	0.5377
Debt service	0.6806	1.1046	1.1042	1.0693	0.9080
Parks	0.5000	0.5000	0.5000	0.5000	0.5000
Public safety	-	-	-	1.00	1.0000
<b>Total City of Farmington Hills</b>	<b>9.0649</b>	<b>9.1409</b>	<b>9.1650</b>	<b>10.1650</b>	<b>10.1650</b>
<b>Overlapping Governments</b>					
Farmington Schools	33.5100	14.6400	14.6400	13.6292	14.8931
Clarenceville Schools	42.1800	1.2578	3.7078	3.6710	3.5511
Walled Lake Schools	39.3866	6.3106	6.4316	7.5472	8.4399
State Education	-	6.0000	6.0000	6.0000	6.0000
Oakland Comm. College	1.0522	0.8522	1.6522	1.6522	1.6522
Schoolcraft College	1.8821	1.8751	1.8521	1.8521	1.8521
Oakland Interm. Schools	2.1294	2.1294	2.1294	2.1294	2.1294
Oakland County	4.9480	4.9480	4.9480	4.8480	4.8180
OCPTA	-	-	0.3300	0.3300	0.3300
Library	-	-	-	-	-
<b>Total Farmington Schools</b>	<b><u>50.7045</u></b>	<b><u>37.7105</u></b>	<b><u>38.8646</u></b>	<b><u>38.7538</u></b>	<b><u>39.9877</u></b>
<b>Total Clarenceville Schools</b>	<b><u>60.2044</u></b>	<b><u>25.3512</u></b>	<b><u>28.1323</u></b>	<b><u>28.9955</u></b>	<b><u>28.8456</u></b>
<b>Total Walled Lake Schools</b>	<b><u>56.5811</u></b>	<b><u>29.3811</u></b>	<b><u>30.6562</u></b>	<b><u>32.6718</u></b>	<b><u>33.5345</u></b>



**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Per \$1,000 of assessed valuation)**

Ended June 30

1999	2000	2001	2002	2003
7.2193	7.2193	7.2193	7.2193	7.2193
0.5769	0.6665	0.6777	0.7190	0.7192
0.8688	0.7830	0.7785	0.7432	0.8117
0.5000	0.4987	0.4964	0.4944	0.4905
1.0000	0.9975	0.9930	0.9891	0.9814
10.1650	10.1650	10.1649	10.1650	10.2221
14.4761	14.0071	13.2614	12.8633	12.4459
3.5279	4.6825	4.7395	4.5920	4.7551
8.1074	7.8520	8.0982	7.9538	7.7428
6.0000	6.0000	6.0000	6.0000	6.0000
1.6456	1.6295	1.6109	1.5952	1.6090
1.8521	1.8440	1.8310	1.8193	1.8043
2.1208	2.0998	2.0752	3.4526	3.4224
4.6564	4.6522	4.6478	4.6438	4.6523
0.3300	0.3270	0.3236	0.3207	0.6000
0.6000	0.5985	0.5958	0.5933	0.5887
<b><u>39.9937</u></b>	<b><u>39.4791</u></b>	<b><u>38.6796</u></b>	<b><u>39.6339</u></b>	<b><u>39.5404</u></b>
<b><u>29.2522</u></b>	<b><u>30.3690</u></b>	<b><u>30.3778</u></b>	<b><u>31.5867</u></b>	<b><u>32.0449</u></b>
<b><u>33.6252</u></b>	<b><u>33.3240</u></b>	<b><u>33.5164</u></b>	<b><u>34.9485</u></b>	<b><u>34.5673</u></b>

# City of Farmington Hills, Michigan

## Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
1994	\$ 2,506,273,650	78,204	\$ 10,145,000	0.40	129.72
1995	2,593,603,150	79,001	7,114,000	0.27	90.05
1996	2,692,534,300	80,303	10,695,000	0.40	133.18
1997	2,830,376,740	80,500	8,990,000	0.32	111.68
1998	2,996,801,200	81,130	8,225,000	0.27	101.38
1999	3,217,279,700	82,000	7,675,000	0.24	93.60
2000	3,456,406,270	82,111	6,320,000	0.18	76.97
2001	3,643,862,530	82,111	5,680,000	0.16	69.17
2002	3,930,171,490	83,500	16,030,000	0.41	191.98
2003	4,258,718,000	82,274	15,140,000	0.36	184.02

General bonded debt - For purposes of this schedule, general bonded debt includes only Building Authority Bonds. The debt service requirements of all remaining debt are currently funded through revenue sources other than property taxes.

# City of Farmington Hills, Michigan

## Computation of Direct and Overlapping Debt June 30, 2003

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Farmington Hills Taxpayers	Amount Applicable to Farmington Hills Taxpayers
Direct debt - City of Farmington Hills	\$ 31,657,006	100.00	\$ 31,657,006
Overlapping debt:			
Farmington School District	67,675,000	87.59	59,276,533
Clarenceville School District	1,785,000	29.58	528,003
Walled Lake School District	205,920,000	4.34	8,936,928
Oakland County at Large	76,893,544	7.29	5,605,539
Oakland County Intermediate School District	350,000	7.32	25,620
Oakland Community College	12,895,000	7.15	921,993
Schoolcraft Community College	-	.79	-
Farmington Hills Library	9,070,000	91.21	8,272,747
Total overlapping debt	374,588,544		83,567,363
Total	<u>\$ 406,245,550</u>		<u>\$ 115,224,369</u>

General bonded debt - For purposes of this schedule, general bonded debt is defined as all bonded debt with the exception of Special Assessment and Michigan Transportation Bonds.

Source: Municipal Advisory Council of Michigan

# City of Farmington Hills, Michigan

## Labor Agreements June 30, 2003

Name of Bargaining Unit	Composition	Contract Expiration Date	Number of Employees
International Union of the American Federation of State, County, and Municipal Employees and Council 25 Local 1456	Office/Clerical Service/Maintenance DPW/Technical	06/30/05	102
Teamsters, State, County, and Municipal Workers, Local 214	First line supervisors Professionals	06/30/03	38
Local 2659, IAFF (AFL-CIO) CLC	Fire fighters, fire marshall, lieutenants, and battalion chiefs	06/30/06	38
Police Officers Association of Michigan	Police officers	06/30/05	85
Police Officers Association of Michigan Police Communications Association	Police dispatchers and dispatch coordinators	06/30/06	19
Farmington Hills Lieutenants and Sergeants Association	Police sergeants and lieutenants	06/30/06	23

# City of Farmington Hills, Michigan

## Personnel Summary June 30, 2003

	FY 2002-03		
	Part-time		
	Full-time	FTE*	Total
City administration	6	-	6.00
Public information	3	0.50	3.50
Finance department	14	1.60	15.60
Assessing	9	0.04	9.04
City clerk	10	1.15	11.15
Human resources	3	0.75	3.75
Central services	8	0.50	8.50
Police department	170	10.62	180.62
Fire department	44	36.95	80.95
Planning and community development	25	1.50	26.50
Public services - Administration	4	-	4.00
Road maintenance	23	5.25	28.25
Building maintenance	2	-	2.00
Engineering	20	1.79	21.79
D.P.W. garage	11	0.50	11.50
Waste collection/Recycling	-	1.00	1.00
Special services administration	8	2.10	10.10
Youth and families division	1	5.70	6.70
Senior adults	5	12.24	17.24
Parks division	14	14.83	28.83
Cultural arts	1	1.40	2.40
Golf course division	2	3.60	5.60
Ice arena	4	14.15	18.15
William M. Costick Activities Center	5	2.35	7.35
<b>Total</b>	<b>392</b>	<b>118.52</b>	<b>510.52</b>
Sworn police officers included in the above total	118	-	118.00

\* FTE (full-time equivalent) represents part-time employee hours divided by 2,080.

# City of Farmington Hills, Michigan

## Demographic Statistics June 30, 2003

Year	Population (1)	Number of Households (1)	Persons per Household (1)	School Enrollment (2)	Annual Average Unemployment Rate (Percent) (3)
1994	78,204	30,791	2.54	11,502	3.0
1995	79,001	31,267	2.53	11,623	2.5
1996	80,303	31,847	2.52	11,728	2.3
1997	80,684	32,112	2.48	11,711	1.9
1998	81,291	32,423	4.48	11,976	1.7
1999	81,620	32,588	2.48	11,970	1.7
2000	82,111	33,559	2.41	11,982	1.5
2001	81,970	33,656	2.41	11,912	2.6
2002	83,500	33,714	2.39	12,016	3.7
2003	82,274	33,854	2.39	12,000	3.7

(1) Statistics from the U.S. Bureau of the Census, the Southeastern Michigan Coalition of Governments, (SEMCOG) and/or the Farmington Hills Planning Department.

(2) Farmington School District - Fall Pupil Count (K-12)

(3) Michigan Employment Security Agency - Research and Statistical Division (based on a year)

# City of Farmington Hills, Michigan

## Demand and Savings Deposits Last Ten Fiscal Years

Year	Deposits - In Thousands (1)					Total
	Michigan National Bank (2)	Comerica Bank	Metro Bank	Bank One	Standard Federal (2)	
1993	\$ 164,619	\$ 492,494	\$ 38,459	\$ 251,084	\$ 186,426	\$ 1,133,082
1994	155,771	482,773	41,726	260,490	200,529	1,141,289
1995	182,577	466,543	48,136	278,185	202,764	1,178,205
1996	189,020	465,697	50,453	276,910	213,320	1,195,400
1997	173,267	530,278	50,033	253,662	211,766	1,219,006
1998	184,219	475,978	50,816	244,548	235,227	1,190,788
1999	175,889	531,818	52,810	303,583	219,874	1,283,974
2000	185,182	484,882	63,408	244,987	220,469	1,198,928
2001	185,314	445,425	64,220	221,054	214,483	1,130,496
2002	-	443,265	66,207	219,497	390,832	1,119,801

(1) Bank deposits were provided by Sushenoff Market Share Analysis.

(2) Michigan National Bank and Standard Federal Bank merged in 2001

Information for 2003 was not available at time of printing.

# City of Farmington Hills, Michigan

## Building Permits at Market Value Last Ten Years

Year	Residential		Commercial		Industrial		Grand Total
	Number	Estimated Value	Number	Estimated Value	Number	Estimated Value	
1994	1,556	\$ 51,213,313	220	\$ 28,617,095	10	\$ 1,086,840	\$ 80,917,248
1995	1,057	46,692,101	187	40,118,767	3	2,287,764	89,098,632
1996	1,266	53,342,239	212	37,959,976	6	657,437	91,959,652
1997	1,356	55,046,017	188	45,235,665	10	993,930	101,275,612
1998	1,749	56,192,004	192	77,971,287	8	4,715,938	138,879,229
1999	1,561	40,248,220	250	22,175,303	6	2,099,877	64,523,400
2000	1,718	35,539,593	181	56,900,811	8	3,642,731	96,083,135
2001	1,511	37,411,474	154	49,806,359	3	142,995	87,360,828
2002	1,608	22,828,697	166	65,354,129	3	7,559,855	95,742,681
2003	(1)						

(1) Information for 2003 was not available at the time of printing.



# City of Farmington Hills, Michigan

## Principal Taxpayers Year Ended June 30, 2003

Name of Taxpayer	Product/Service	Real Taxable Value	Personal Taxable Valuation	Total Taxable Valuation	Percent of Total City Valuation
Oakland Management Co.	Property management	\$ 66,456,530	\$ 79,650	\$ 66,536,180	1.80
Robert Bosch Corporation	Automotive research and development	17,580,780	26,824,440	44,405,220	1.20
Detroit Edison	Public utility	255,710	31,937,160	32,192,870	0.87
FH Corporate Investors	Property management	26,854,300	-	26,854,300	0.73
Nissan Corporation	Automotive research and development	17,768,190	7,897,970	25,666,160	0.69
Arboretum Development	Office complex	20,564,910	-	20,564,910	0.56
Compuware Inc.	Software development	11,012,920	8,604,260	19,617,180	0.53
Liberty Property Ltd. Partnership	Industrial property management	19,138,080	11,800	19,149,880	0.52
Sheer Development Corp.	Property management	17,815,400	44,240	17,859,640	0.48
Independence Green Apts.	Apartment complex	16,760,060	-	16,760,060	0.45
Total		<u>\$ 214,206,880</u>	<u>\$ 75,399,520</u>	<u>\$ 289,606,400</u>	<u>7.83</u>

# City of Farmington Hills, Michigan

## Special Assessment Billings and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Beginning Outstanding Assessments	New Assessments	Total Assessments	Assessments Collected	Percent of Collections to Total	Ending Outstanding Assessments
1994	\$ 3,661,035	\$ 1,709,054	\$ 5,370,089	\$ 875,004	16.29	\$ 4,495,085
1995	4,495,085	1,427,314	5,922,399	1,184,433	20.00	4,737,966
1996	4,737,966	390,500	5,128,466	1,401,238	27.32	3,727,228
1997	3,727,228	1,991,979	5,719,207	878,242	15.36	4,840,965
1998	4,840,965	3,151,451	7,992,416	1,496,254	18.72	6,496,162
1999	6,496,162	1,810,009	8,306,171	2,003,930	24.13	6,302,241
2000	6,302,241	88,686	6,390,927	1,337,678	20.93	5,053,249
2001	5,053,249	1,258,830	6,312,079	1,044,919	16.55	5,267,160
2002	5,267,160	961,261	6,228,421	1,350,505	21.68	4,877,916
2003	4,877,916	742,930	5,620,846	1,405,077	25.00	4,215,769

# City of Farmington Hills, Michigan

## General Fund - Fund Balance Compared to Annual Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Reserved Fund Balance	Unreserved Fund Balance	Annual Expenditures	Unreserved Fund Balance as a Percentage of Expenditures
1994	\$ -	\$ 4,346,031	\$ 28,844,256	15.07
1995	450,000	5,601,589	29,531,517	18.97
1996	414,000	5,290,855	31,929,156	16.57
1997	595,000	5,469,283	32,771,309	16.69
1998	349,500	7,406,808	34,801,058	21.28
1999	371,000	9,980,466	36,062,157	27.68
2000	418,416	12,778,817	37,509,648	34.07
2001	1,107,396	16,334,333	39,735,483	41.11
2002	2,797,226	16,004,928	43,102,638	37.13
2003	2,455,421	13,628,760	48,993,689	27.82

# City of Farmington Hills, Michigan

## Miscellaneous Statistical Data June 30, 2003

### Public Works

Miles of city streets:	
Major streets	58
Local streets	243
Number of refuse stops	22,661

### Police Protection

Group A crimes (1)	4,391
Group B crimes (2)	2,515
Burglary:	
Residential	229
Commercial	115
Physical arrest:	
Juvenile	198
Adult	2,862
Traffic crashes	3,827
Traffic violations	19,081
Dispatched runs	36,821

### Fire Protection

Stations	5
Number of incidents	6,432
Emergency medical incidents	3,911
Fire investigations conducted	628
Public education programs	218
Fire loss	5,967,485

### 47th District Court

Cases filed	37,916
Cases disposed	37,374

### Parks and Recreation

Developed municipal parks	8
Park acreage	619
Golf rounds played	39,120
Senior adult programs:	
Senior program participation	78,655
Senior meals served	72,600
Transportation rides provided	28,460
Recreation programs:	
Recreation programs offered	1,832
Volunteer hours	2,200
Program registration processed	19,367

### Community Library

Items checked out	1,215,000
Internet logins	700,000
Library card holders	54,765
Total book collection	245,000
Children program attendance	25,000
Young adult program attendance	5,000
Adult program attendance	3,000

### Planning and Development

Building permits issued	1,700
Certificates of occupancy	1,500
Building inspections	6,100

### Election Data

New voter registrations	5,100
Voters at last presidential election	53,684

- (1) Murder, criminal sexual conduct, robbery, aggravated assault, burglary, larceny, arson, and motor vehicle theft.
- (2) Malicious destruction of property, disorderly conduct, assault, family trouble, etc.
- (3) Statistics provided by various departments and divisions of the City.